**RECORD AND WHEN RECORDED
RETURN TO:**

Planning Director
_____
_____
_____

DEVELOPMENT AGREEMENT

BY AND BETWEEN THE COUNTY OF PLACER AND

_____

RELATIVE TO THE

PLACER VINEYARDS SPECIFIC PLAN

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RELATIVE TO THE
PLACER VINEYARDS SPECIFIC PLAN

This Development Agreement is entered into this _____ day of _____, 2007, by and between the County of Placer, a municipal corporation (**"County"**), and the entities and/or persons executing this Agreement as Developer on the signature page attached hereto (**"Developer"**) pursuant to the authority of Sections 65864 through 65869.5 of the Government Code of California.

RECITALS

A. Authorization. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Section 65864, et seq., of the Government Code (the **"Development Agreement Statute"**), which authorizes the County of Placer and an applicant for a development project to enter into a development agreement, establishing certain development rights in the Property which is the subject of the development project application.

B. Property. The subject of this Agreement is the development of those certain parcels of land described in Exhibit A-1 and shown on Exhibit A-2 attached hereto (hereinafter the **"Property"**), within the Placer Vineyards Specific Plan area (**"Specific Plan"** or **"Plan Area"**). Developer owns the property and represents that all persons holding legal or equitable interests in the Property shall be bound by this Agreement. For purposes of identification of the Property within the Specific Plan, all references herein to the Property's number shall refer to the number for the Property identified on Exhibit A-2 and Exhibit 2.2 of this Agreement and the number assigned to Developer in the list of Participating Developers attached as Exhibit B hereto.

C. Hearings. On _____, 2007, the County Planning Commission, designated as the planning agency for purposes of development agreement review pursuant to Government Code Section 65867, in a duly noticed and conducted public hearing, considered this Agreement and recommended that the County Board of Supervisors (**"Board"**) approve this Agreement.

D. Environmental Impact Report. On _____, 2007, the Board, in Resolution No. _____, certified as adequate and complete the Final EIR (the **"EIR"**) (State Clearinghouse #_____) for the Specific Plan, in accordance with the California Environmental Quality Act (**"CEQA"**). Mitigation measures were suggested in the EIR and are incorporated to the extent feasible in the Specific Plan and in the terms and conditions of this Agreement, as reflected by the findings adopted by the Board concurrently with this Agreement.

E. Entitlements. Following consideration and certification of the aforementioned EIR and of CEQA related findings, the Board adopted a Statement of Overriding Considerations with respect to and approved the following land use entitlements for the Property, which entitlements are the subject of this Agreement:

1. The Placer County General Plan, as amended by Resolution No. _____ (the **"General Plan"**);

2. The Specific Plan, as adopted by Resolution No. _____ (**"Specific Plan"**);

3. The Development Standards, as adopted by Ordinance No. _____;

4. The zoning of the Property, as adopted by Ordinance No. _____;

5. This Development Agreement, as adopted by Ordinance No. _____ (the **"Adopting Ordinance"**).

The approvals described in paragraphs 1 through 5, inclusive are referred to herein collectively as the **"Entitlements."** Subsequent actions or approvals by County for development of the Property, such as tentative and final subdivision maps, conditional use permits or design approvals (**"Subsequent Entitlements"**), shall be deemed included as part of the Entitlements upon County action or approval thereof, provided, however, except as otherwise provided herein regarding the term of tentative maps, the inclusion of Subsequent Entitlements as part of the Entitlements vested hereunder shall not limit the County's discretion to impose time periods within which such Subsequent Entitlements must be implemented. Development of the Property consistent with the Entitlements is referred to herein as the **"Project."**

F. General and Specific Plans. Development of the Property in accordance with the Entitlements and this Agreement will provide orderly growth and development of the area in accordance with the policies set forth in the General Plan and the Specific Plan. For purposes of the vesting protection granted by this Agreement, except as otherwise provided herein, or by state or federal law, the applicable County laws, rules, regulations, ordinances and policies shall be as set forth in the Entitlements as of the Effective Date hereof.

G. Substantial Costs to Developer. Developer has incurred and will incur substantial costs in order to comply with conditions of approval of the Entitlements and to assure development of the Property in accordance with the Entitlements and the terms of this Agreement.

H. Need for Services and Facilities. Development of the Property will result in a need for urban services and facilities, which services and facilities will be provided by County and other public agencies to such development subject to the performance of Developer's obligations hereunder.

I. Contribution to Costs of Facilities and Services. Developer agrees to provide for the costs of such public facilities and services as required herein to mitigate impacts on the County of the development of the Property, and County agrees to accept such public facilities and provide such services, according to the terms of this Agreement and the EIR, to allow Developer to proceed with and complete development of the Property in accordance with the terms of this Agreement. The Developer will provide as a part of such development a mix of housing meeting a range of housing needs for the County, public facilities such as open space, recreational amenities, and other services and amenities that will be of benefit to the future residents of the County. County and Developer recognize and agree that but for Developer's contributions to mitigate the impacts arising as a result of development entitlements granted pursuant to this Agreement, County would not and could not approve the development of the Property as provided by this Agreement and that, but for County's covenants under this Agreement, Developer would not and could not commit to provide the mitigation as provided by this Agreement. County's vesting of the right to develop the Property as provided herein is in reliance upon and in consideration of Developer's agreement to bear the cost of public improvements and services as herein provided to mitigate the impacts of development of the Property as such development occurs.

Developer agrees to fund the costs of construction and establish the on-going financing mechanisms as provided in this Agreement to ensure that the public facilities and services as required herein are provided at no cost to County. To coordinate and implement the plan for financing the costs of providing such public facilities and services, and provide a guide for the County's establishment of programs related to the costs of such facilities and services, the Developer has prepared and County has accepted the Placer Vineyards Specific Plan Public Facilities Financing Plan (the **"Financing Plan"**) dated _____, 2007, and the Placer Vineyards Specific Plan Urban Services Plan (the **"Urban Services Plan"**) dated _____, 2007. Developer acknowledges that, to the extent public financing mechanisms may be utilized to pay for the costs of providing public facilities and services, the County's priority is to utilize such mechanisms for the costs of providing services.

J. Development Group. In view of the significant costs that will be required to be advanced by Developer to accomplish the goals and objectives of the Specific Plan as set forth in this Agreement, a Development Group consisting of many of the Participating Developers will be formed which will fund the cost to construct and then will construct the improvements and the public facilities. Developer may or may not choose to join in such Development Group when it is formed. As more particularly

described in Section 3.2 of this Agreement, Developer's ability to proceed with any part of the Project will be contingent upon Developer being a member in good standing of such Development Group.

K. Development Agreement Ordinance. County and Developer have taken all actions mandated by and fulfilled all requirements set forth in the Development Agreement Ordinance of the County.

ARTICLE 1. GENERAL PROVISIONS

1.1 Incorporation of Recitals. The Preamble, the Recitals and all defined terms set forth in both are hereby incorporated into this Agreement as if set forth herein in full.

1.2 Property Description and Binding Covenants. The Property is that property described in Exhibit A-1 and shown in Exhibit A-2. Upon satisfaction of the conditions to this Agreement becoming effective and recordation of this Agreement pursuant to Section 1.3.1 below, the provisions of this Agreement shall constitute covenants which shall run with the Property and the benefits and burdens hereof shall bind and inure to all successors in interest to and assigns of the parties hereto. Accordingly, all references herein to **"Developer"** shall mean and refer to the person or entity described in the preamble above and the signature page to this Agreement below and each and every subsequent purchaser or transferee of the Property or any portion thereof from Developer.

1.3 Term.

1.3.1 Commencement; Expiration. The term of this Agreement (**"Term"**) shall commence upon the later of (i) the effective date of the Adopting Ordinance approving this Agreement, and (ii) the effective date of the adopting ordinances of development agreements in substantially the same form as this Agreement, subject to different property-specific descriptions and land use exhibits with respect thereto, for all of the other owners listed as Participating Developers in Exhibit B attached hereto for their respective properties. For purposes of this Agreement, the term **"Participating Developers"** shall mean and refer to the Participating Developers listed in Exhibit B; if and when any owners of other property within the Plan Area subsequently elect to enter into a development agreement for such property in substantially the same form as this Agreement, such additional owners shall also become Participating Developers, provided such subsequent additions shall not affect the Term of this Agreement. The date when the foregoing conditions are satisfied shall be referred to herein as the **"Effective Date"**. This Agreement shall be recorded against the Property at Developer's expense within 10 days after County enters into this Agreement, as required by California Government Code Section 65868.5.

The Term of this Agreement shall extend for an initial period of twenty (20) years after the Effective Date, unless said Term is terminated, modified or extended by circumstances set forth in this Agreement or by mutual consent of the parties hereto. Unless prior to the expiration of the initial period or prior to the second extension becoming effective the Board of Supervisors determines, in its sole discretion, that an extension is not in the best interests of the County, the initial 20-year period, as may be modified or extended, shall be extended automatically for two (2) consecutive periods of five (5) years each. Following the expiration of the Term, this Agreement shall be deemed terminated and of no further force and effect.

1.3.2 Automatic Termination Upon Completion and Sale of Residential Unit. This Agreement shall automatically be terminated, without any further action by either party or need to record any additional document, with respect to any single-family residential lot within a parcel designated by the Specific Plan for residential use, upon completion of construction and issuance by the County of a final inspection for a dwelling unit upon such residential lot and conveyance of such improved residential lot by Developer to a bona-fide good faith purchaser thereof. In connection with its issuance of a final inspection for such improved lot, County shall confirm that: (i) all improvements which are required to serve the lot, as determined by County, have been accepted by County; (ii) the lot is included within any community facilities district (CFD), county service area (CSA), or any zone thereof, or other financing mechanism acceptable to the County, to the extent required by the County to fund public facility maintenance obligations and services to the lot, in accordance with the provisions of Sections 3.20 and 3.21 below; (iii) if and to the extent applicable to such lot, an affordable purchase or rental housing agreement has been recorded on the lot; and (iv) all other conditions of approval applicable to said lot have been complied with. Termination of this Agreement for any such residential lot as provided for in this Section 1.3.2 shall not in any way be construed to terminate or modify any affordable purchase or rental housing agreement or any CFD tax lien or CSA assessment, fee or charge affecting such lot at the time of termination.

1.3.3 Termination Upon Developer Request. This Agreement may also be terminated, at the election of the then property owner, with respect to any legally subdivided parcel designated by the Specific Plan for residential or non-residential use (other than parcels designated for public use), when recording a final subdivision map for such parcel, or receiving a certificate of occupancy or final inspection, whichever is applicable, for a multi-family residential or non-residential building within such parcel, by giving written notice to County of its election to terminate this Agreement for such parcel, provided that: (i) all improvements which are required to serve the parcel, as determined by County, have been accepted by County; (ii) the parcel is included within any CFD or CSA, or any zone thereof, or other financing mechanism acceptable to the County, to the extent required by the County to fund public facility maintenance obligations and services to the parcel, in accordance with the provisions of Sections 3.20 and 3.21 below; (iii) with respect to residential parcels, an affordable purchase or

rental housing agreement, if required for such parcel pursuant to Section 2.6.2, has been recorded on the parcel; and (iv) all other conditions of approval applicable to said parcel have been complied with. Developer shall cause any written notice of termination approved pursuant to this subsection to be recorded with the County Recorder against the applicable parcel at Developer's expense. Termination of this Agreement for any such parcel as provided for in this Section 1.3.3 shall not in any way be construed to terminate or modify any CFD tax lien or CSA assessment, fee or charge affecting such parcel at the time of termination.

1.3.4 Tolling and Extension During Legal Challenge or Moratoria. In the event that this Agreement or any of the Entitlements or the EIR or any subsequent approvals or permits required to implement the Entitlements (such as, any required Fill Permit or Environmental Impact Statement related thereto) are subjected to legal challenge by a third party, other than Developer, and Developer is unable to proceed with the Project due to such litigation (or Developer gives written notice to County that it is electing not to proceed with the Project until such litigation is resolved to Developer's satisfaction), the Term of this Agreement and timing for obligations imposed pursuant to this Agreement shall, upon written request of Developer, be extended and tolled during such litigation until the entry of final order or judgment upholding this Agreement and/or Entitlements, or the litigation is dismissed by stipulation of the parties. Similarly, if Developer is unable to develop the Property due to the imposition by the County or other public agency of a development moratoria for health or safety reasons unrelated to the performance of Developer's obligations hereunder (including without limitation, moratoria imposed due to the unavailability of water or sewer to serve the Plan Area), then the Term of this Agreement and timing for obligations imposed pursuant to this Agreement shall, upon written request of Developer, be extended and tolled for the period of time that such moratoria prevents such development of the Property.

1.4 Amendment of Agreement. This Agreement may be amended from time to time by mutual written consent of County and Developer (and/or any successor owner of any portion of the Property to which the benefit or burden of the amendment would apply), in accordance with the provisions of the Development Agreement Statute; provided, however, notwithstanding anything to the contrary herein, any amendment to Section 2.5 (Fees), or Sections 3.2 through 3.16 (Developer Improvements), or Section 4.2 (Credits and Reimbursements) shall require the approval of Developer and all other Participating Developers who are not then in breach of their obligations under their respective Development Agreements. If the proposed amendment affects the approved Specific Plan land use designation or zoning of less than the entirety of the Property, then such amendment need only be approved by the owner(s) in fee of the portion(s) of the Property that is subject to or affected by such amendment. If the proposed amendment or minor modification reduces the amount of revenue anticipated to be received by County to fund or maintain facilities and/or services, Developer agrees County may adjust or modify any fee or assessment to mitigate the impact. The parties acknowledge that under the County Zoning Ordinance and applicable rules, regulations

and policies of the County, the Planning Director has the discretion to approve minor modifications to approved land use entitlements without the requirement for a public hearing or approval by the Board of Supervisors. Accordingly, the approval by the Planning Director of any minor modifications to the Entitlements that are consistent with this Agreement shall not constitute nor require an amendment to this Agreement to be effective.

For purposes of this Section, minor modifications shall mean any modification to the Project that does not relate to (i) the Term of this Agreement, (ii) permitted uses of the Project, (iii) density or intensity of use, except as allowed pursuant to Section 2.3 of this Agreement, (iv) provisions for the reservation or dedication of land, except for minor changes in the configuration or location of any reserved or dedicated lands as allowed pursuant to Section 3.3.4 of this Agreement (v) conditions, terms, restrictions or requirements for subsequent discretionary actions, or (vi) monetary contributions by Developer, and that may be processed under CEQA as exempt from CEQA, or with the preparation of a Negative Declaration or Mitigated Negative Declaration.

1.5 Recordation Upon Amendment or Termination. Except when this Agreement is automatically terminated due to the expiration of the Term or the provisions of Section 1.3.2 above, the County shall cause any amendment hereto and any other termination hereof to be recorded, at Developer's expense, with the County Recorder within ten (10) days after County executes such amendment or termination. Any amendment or termination of this Agreement to be recorded that affects less than all the Property shall describe the portion thereof that is the subject of such amendment or termination.

ARTICLE 2. DEVELOPMENT OF THE PROPERTY

2.1 Permitted Uses. The permitted uses of the Property, the density and intensity of use, provisions for reservation or dedication of land for public purposes, and location of public improvements, and other terms and conditions of development applicable to the Property shall be those set forth in the Entitlements and this Agreement.

2.2 Vested Entitlements. Subject to the provisions and conditions of this Agreement, County agrees that County is granting, and grants herewith, a fully vested entitlement and right to develop the Property in accordance with the terms and conditions of this Agreement and the Entitlements. County acknowledges that the Entitlements include the land uses and approximate acreages for the Property as shown and described in Exhibit 2.2 attached hereto.

Such uses shall be developed in accordance with the Entitlements, as such Entitlements provide on the Effective Date of this Agreement and/or as any Subsequent Entitlements provide on the date of approval thereof by County. Developer's vested

right to proceed with the development of the Property shall be subject to a subsequent approval process as specified in the Specific Plan, provided that any conditions, terms, restrictions and requirements for such subsequent approvals shall not prevent development of the Property for the uses set forth in the Entitlements, or reduce the density and intensity of development, or limit the rate or timing of development set forth in this Agreement, so long as Developer is not in default under this Agreement.

Notwithstanding anything to the contrary in this Section 2.2, Developer agrees that, as a condition precedent to the scheduling of any hearing for approval of a tentative small-lot subdivision map proposing to create individual buildable lots for less than the entirety of the Property, Developer shall have first recorded a final large-lot subdivision or parcel map for the entirety of the Property. The final map shall delineate the boundaries of the portions of the Property proposed to be used for any of the public facilities as set forth in Sections 3.3.1 or 3.13.2.1 herein.

2.3 Density Transfer. The number of residential dwelling units planned for the different large-lot parcels within the Developer's Property as designated in the Specific Plan may be transferred to other large-lot parcels within either Developer's Property or other property within the Plan Area, subject to compliance with the conditions for such transfer as set forth in the Specific Plan. Minor density adjustments, as defined in the Specific Plan, shall not require an amendment to this Agreement or the development agreement for the other transferring or receiving parcel; provided, however, upon approval of any such minor density transfer, the change in units for the transferring and receiving parcels shall be noted by a recorded acknowledgment of such transfer in order to revise Exhibit 2.2 for this Agreement. The right to transfer any unused units from the Property shall be limited and shall only occur in compliance with the provisions for density transfer as set forth in the Specific Plan,

2.4 Rules, Regulations and Official Policies.

2.4.1 Conflicting Ordinances or Moratoria. Except as provided in this Article 2 and Section 3.9.2 herein, and subject to applicable law relating to the vesting provisions of development agreements, so long as this Agreement remains in full force and effect, no future resolution, rule, ordinance or legislation adopted by the County or by initiative (whether initiated by the Board of Supervisors or by a voter petition, other than a referendum that specifically overturns the County's approval of the Entitlements) shall directly or indirectly limit the rate, timing, sequencing or otherwise impede development from occurring in accordance with the Entitlements and this Agreement. Provided, however, notwithstanding anything to the contrary above, Developer shall be subject to any growth limitation ordinance, resolution, rule or policy that is adopted by the County to eliminate placing residents of the development in a condition dangerous to their health or safety, or both, in which case County shall treat development of the Property in a uniform, equitable and proportionate manner with all other properties that are affected by said dangerous condition. To the extent any future resolutions, rules,

ordinances, fees, regulations or policies applicable to development of the Property are not inconsistent with the permitted uses, density and intensity of use, rate or timing of construction, maximum building height and size, or provisions for reservation or dedication of land under the Entitlements or under any other terms of this Agreement, such rules, ordinances, fees, regulations or policies shall be applicable. By way of example only, a growth limitation ordinance which would preclude the issuance of a building permit due to a lack of adequate sewage treatment capacity to meet additional demand adopted to eliminate placing residents in a condition dangerous to their health or safety, or both, would support a denial of a building permit within the Property or anywhere else in the County if such an approval would require additional sewage treatment capacity. However, an effort to limit the issuance of building permits because of a general increase in traffic congestion levels in the County would not be deemed to directly concern a public health or safety issue under the terms of this paragraph.

2.4.2 Application of Changes. Nothing in this Section 2.4 shall preclude the application to development of the Property of changes in County laws, regulations, plans or policies, the terms of which are specifically mandated or required by changes in State or Federal laws or regulations. To the extent that such changes in County laws, regulations, plans or policies prevent, delay or preclude compliance with one or more provisions of this Agreement, County and Developer shall take such action as may be required pursuant to Section 4.1 of this Agreement to comply therewith.

2.4.3 Authority of County. This Agreement shall not be construed to limit the authority or obligation of County to hold necessary public hearings, or to limit discretion of County or any of its officers or officials with regard to rules, regulations, ordinances, laws and entitlements of use which require the exercise of discretion by County or any of its officers or officials, provided that subsequent discretionary actions shall not unreasonably prevent or delay development of the Property for the uses and to the density and intensity of development as provided by the Entitlements and this Agreement, in effect as of the Effective Date of this Agreement.

2.5 Application, Development and Project Implementation Fees.

2.5.1 Application, Processing and Other Fees and Charges. Developer shall pay those application, processing, inspection and plan checking fees and charges as may be required by County under then current regulations for processing applications and requests for Subsequent Entitlements, permits, approvals and other actions, and monitoring compliance with any permits issued or approvals granted or the performance of any conditions with respect thereto or any performance required of Developer hereunder.

2.5.2 Development Mitigation Fees. Consistent with the terms of this Agreement, County shall have the right to impose and Developer agrees to pay such development fees, impact fees and other such fees levied or collected by County to

offset or mitigate the impacts of development of the Property and which will be used to pay for public facilities attributable to development of the Property and the Specific Plan as have been adopted by County, or as have been adopted by a joint powers authority of which the County is a member, in effect on the Effective Date of this Agreement (**"Development Mitigation Fees"**). The Development Mitigation Fees are:

Placer County Code Article 13.12: Sewer service system annexation and connection fees
Placer County Code Article 15.28: County road network capital improvement program traffic fee: Dry Creek Zone
Placer County Code Article 15.30: County public facilities fee
Placer County Code Article 15.32: Dry Creek watershed drainage improvement zone fee
Placer County Code Article 15.34: Parks and recreation facilities fee
Placer County Ordinance No. 5321-B: County of Placer—City of Roseville joint traffic fee
South Placer Regional Transportation Authority: South Placer Regional Transportation and Air Quality Mitigation Fee

2.5.3 New Development Mitigation Fees. In the event after the Effective Date of the Agreement the County, or a joint powers authority or other agency of which the County currently is or during the term of the Agreement becomes a member, adopts a new development mitigation fee, other than those contemplated by the Financing Plan, in accordance with the Mitigation Fee Act (Government Code section 66000 et seq.) or other applicable law (a **"New Development Mitigation Fee"**), and the New Development Mitigation Fee is applicable on a county-wide or an area-wide basis and said area includes all or any portion of the Property, Developer agrees to pay any such applicable New Development Mitigation Fee.

2.5.4 Project Development Fees. Developer acknowledges that the requirement to comply with the Mitigation Fee Act shall only apply with respect to any New Development Mitigation Fee that may be adopted by the County or such joint powers authority or other agency. As partial consideration for this Agreement and to offset certain anticipated impacts of project approval, the costs of which may not otherwise be calculable at this time, Developer agrees to pay, and specifically waives any objection to County's lack of compliance with the Mitigation Fee Act or other applicable law in the calculation of, each of the following fees (a **"Project Development Fee"**):

2.5.4.1 Enhancement of Agricultural Water Supply Fee. Developer shall pay a fee of $1,000 per residential dwelling unit to provide funding for additional recycled water storage and conveyance facilities to assist with the provisions of affordable agricultural water supply in accordance and in full satisfaction of Standard 8 of Exhibit 1 to Resolution 94-238.

2.5.4.2 Additional Walerga Road Bridge Construction Fee. Developer shall pay a fee of $100 per residential dwelling unit to provide additional funding for the construction of the Walerga Road Bridge. In the event the Walerga Road Bridge is constructed prior to the build-out of the Specific Plan, the fee shall remain in effect and shall be applied to other bridge or road improvements in southern Placer County.

2.5.4.3 Regional Traffic Fee ("County Tier II Fee"). The County is currently in the process of working with the Cities of Lincoln and Roseville (the **"Cities"**) to implement a program whereby new development projects within southwestern Placer County will each pay a traffic fee to fund certain major regional traffic infrastructure projects that provide relief for traffic congestion to Placer County. Developer acknowledges that the adoption of a comprehensive region-wide fee program by the Cities is beyond the authority of the County. Notwithstanding, Developer shall pay a regional traffic fee (**"County Tier II Fee"**) of $6,600 per dwelling unit equivalent for each building permit issued for a residential dwelling or residential project and $2,000 per dwelling unit equivalent for each building permit issued for a non-residential project; provided, however, the payment of the County Tier II Fee shall be subject to the following qualifications:

(a) Developer acknowledges that the County Tier II Fee amount set forth herein is the best estimate by the County of the amount of the fee as of the Effective Date. Developer acknowledges that the County Tier II Fee required herein is based upon current estimates for funding the Placer Parkway, Highway 65 HOV lanes--I-80 to Lincoln, Highway 65 Lincoln Bypass--Phase 2, I-80/Highway 65 interchange upgrade and their current estimated project costs; that during the term of this Agreement the project list may be modified to add new projects that may provide benefit to traffic movement in southwestern Placer County or to remove any of the foregoing-described projects from the list; that funding costs for projects may change over time or that additional funding may become available; and that based upon the foregoing, the amount of the County Tier II Fee may be increased or decreased by County accordingly.

(b) Developer acknowledges that the allocation of the County Tier II Fee between residential projects and non-residential projects set forth herein is based upon the information and analysis performed as of the Effective Date, and is subject to further review and possible modification by the County.

(c) County and Developer acknowledge that it is possible the Cities may not agree to impose a regional traffic fee in an amount equivalent to the County Tier II Fee set forth above. Payment of the County Tier II Fee shall not be subject to imposition of a similar and equivalent fee by the Cities. In the event the Cities do not agree to impose a similar and equivalent fee on development projects within the Cities, Developer 's obligation to pay a County Tier II Fee shall be limited to $6,600 per

dwelling unit equivalent for each building permit issued for a residential dwelling or residential project and $2,000 per dwelling unit equivalent for each building permit issued for a non-residential project, as adjusted annually from the Effective Date by the percentage of change in the Construction Cost Index in the Engineering News Record, If County determines that it may not be feasible to construct any or all of the projects contemplated under the regional fee program because of the decision by the Cities to not impose a similar and equivalent fee, County shall identify the infrastructure project or projects that, in its sole discretion, provide the greatest benefit to County residents in southwestern Placer County and shall utilize the County Tier II Fee accordingly.

(d) County agrees that it shall use its best efforts to impose a fee similar and equivalent to the County Tier II Fee on future specific plans within the unincorporated area of southwestern Placer County through the inclusion in the applicable development agreement of a provision comparable to this Section 2.5.4.3. In the event County, without good cause (as determined by County), does not include a requirement for the payment of a County Tier II Fee or equivalent, Developer shall have no further obligation to pay the County Tier II Fee as required by this Section 2.5.4.3. In the event County, without good cause (as determined by County), does not require payment of a County Tier II Fee or equivalent in an amount comparable to the fee amount required in this Section 2.5.4.3, Developer's fee obligation under this Section 2.5.4.3 shall then be reduced accordingly. In the event County, with good cause (as determined by County), either (1) does not require payment of a County Tier II Fee or equivalent, or (2) does not require payment of a County Tier II Fee or equivalent in an amount comparable to the fee amount required in this Section 2.5.4.3, then Developer's obligation under this Section 2.5.4.3 shall remain in full force and effect.

(e) Developer agrees to pay the County Tier II Fee as may be in effect at the time of issuance of building permit.

2.5.4.4 Highways 99/70--Riego Road Interchange Fee. Developer shall pay a fee of $300 per dwelling unit equivalent to provide funding for the construction of an interchange at the intersection of State Highways 99/70 and Riego Road in Sutter County (**"99/70--Riego Interchange Fee"**). Developer acknowledges that the 99/70--Riego Interchange Fee is not currently included within the County Tier II Fee. County agrees that in the event the Cities do not adopt a regional traffic fee in an amount equivalent to the County Tier II Fee, County shall allow credit for payment of the 99/70--Riego Interchange Fee against the amount of the then-applicable County Tier II Fee. Payment of the 99/70--Riego Interchange Fee shall not be subject to imposition of a similar and equivalent fee by the Cities or Sutter County. In the event the Cities and Sutter County do not agree to impose a similar and equivalent fee on development projects within the Cities and Sutter County and County determines that it may not be feasible to construct the Highways 99/70--Riego Road interchange, County shall identify the infrastructure project or projects that, in its sole discretion, provide the greatest benefit to County residents in southwestern Placer County and shall utilize the 99/70--

Riego Interchange Fee accordingly. The 99/70--Riego Interchange Fee shall be adjusted annually from the Effective Date by the percentage of change in the Construction Cost Index in the Engineering News Record.

2.5.4.5 Subsequent Traffic Fee. Developer shall pay County a Subsequent Traffic Fee in the amount of $165 per residential dwelling unit to be applied to improvements to roadways within or adjacent to the Specific Plan area which are not part of any current or proposed roadway improvement but which may become necessary as a result of additional analysis undertaken in conjunction with an application for Subsequent Entitlement within the Plan Area or in conjunction with a traffic impact analysis conducted by County which includes this area of southwestern Placer County. The Subsequent Traffic Fee shall be adjusted annually from the Effective Date by the percentage of change in the Construction Cost Index in the Engineering News Record. Residential units which are developed as affordable housing units in accordance with Section 2.6 herein shall not pay a Subsequent Traffic Fee.

2.5.5 Project Implementation Fees. Developer acknowledges that the requirement to comply with the Mitigation Fee Act shall only apply with respect to any New Development Mitigation Fee that may be adopted by the County or such joint powers authority or other agency. At the request of the Developer and to equalize the costs of implementation of the Specific Plan related to providing the County Facilities and parks, open space and trail improvements required hereunder, the costs of which have been estimated in the Financing Plan but are not otherwise calculable at this time, and to establish a source of stable funding to assure that variations in the long-term costs of providing public services are adequately provided for, Developer agrees to pay, and specifically waives any objection to County's lack of compliance with the Mitigation Fee Act or other applicable law in the calculation of, each of the following fees (a **"Project Implementation Fee"**):

2.5.5.1 Placer Vineyards Specific Plan Fee ("PVSP Fee"). County shall establish and Developer shall pay the Placer Vineyards Specific Plan Fee (**"PVSP Fee"**) as generally outlined in the Financing Plan. The PVSP Fee shall be comprised of the costs for construction of the County Facilities, parks, open space and trail improvements and equipment of the County Facilities that are necessary to support and facilitate the development of the Property and which are required and sized to serve the residents of the Specific Plan, not of adjacent properties or other development projects that may occur in the general vicinity of the Specific Plan. The PVSP Fee shall include components covering the costs of the following types of facilities and equipment which are more specifically described in the Financing Plan: County government center and associated equipment, parks facilities and equipment, trails, fire services facilities and equipment, sheriff substation and equipment, County corporation yard and associated equipment, fee program formation, administration and fee updates.

Developer acknowledges that the costs of the Core Backbone Infrastructure, Remaining Backbone Infrastructure, open space, detention and erosion improvements, and drainage improvements (collectively, **"Developer Infrastructure"**), will be internally financed by the Participating Developers through their participating in and funding of the Development Group. Except as may otherwise be provided as discussed below, the costs of the Developer Infrastructure will not be included in the PVSP Fee. Because of the significant amount of Developer Infrastructure required to be installed for development within the Specific Plan, the amount of funding to be advanced by some Participating Developers for the Developer Infrastructure prior to other Participating Developers being ready to fund such costs, and the oversizing that will be required to ultimately serve all Participating Developers' Properties, as well as the balance of the Specific Plan, the Developer Group's ability to implement this Project is dependent upon establishment of an effective funding mechanism that can equalize these significant costs between the Participating Developers. The funding commitments under the agreement for the Development Group shall serve as the mechanism for equalizing these costs between the Participating Developers, and is premised upon County's agreement in Section 3.2 below to require, at the request of and for the benefit of Developer and all other Participating Developers, receipt of a Development Group Certificate prior to issuance of Final Development Entitlements for each Participating Developer's Property. The ability to condition development on the issuance of such Certificates makes the ability to enforce Developer participation in the Development Group feasible.

So long as the Development Group Certificate process is operational, the costs of the Developer Infrastructure shall be excluded from any Fee or reimbursement program. Developer acknowledges that County has no responsibility for or involvement with the establishment of, the participation by Developer or other Participating Developers in, or the continuing management or administration of the Development Group. If as a result of a determination by the final order of a court or of other legal adjudication the Development Group Certificate process is invalidated or impaired such that the County is precluded by law from requiring a Participating Developer to provide such Certificate to proceed with its development, then the Development Group may request County impose some alternative mechanism to provide that each Participating Developer pay its fair share for the costs of the Developer Infrastructure and/or to provide reimbursement to any Participating Developer who advances more than its fair share of such costs. The Development Group and the County shall meet and review the financial status of the Development Group and the options as may be legally available to County to impose reimbursement mechanisms. The Development Group shall provide such financial information regarding the costs of construction of the Developer Infrastructure and the assets of the Development Group as the County may require to assist with its review. To the extent legally feasible and practicable, County agrees to use its best efforts to implement a reimbursement mechanism to provide each Participating Developer is responsible for and bears its fair share of the costs of the Developer Infrastructure.

The invalidation of the Development Group Certificate process shall not relieve Developer or the Development Group of any of their obligations to construct the Developer Improvements or other County Facilities as otherwise required under this Agreement, or create any new or additional financial liability to the County. County's sole obligation in such circumstances is to work in good faith with the Development Group to establish a new reimbursement mechanism.

The foregoing provisions relate solely to Developer's agreement to internally finance the costs of the Developer Infrastructure with the other Participating Developers and shall not affect or reduce the County's commitment under Section 4.2.4 below to use its best efforts to impose and collect fair share reimbursement payments from Non-Participating Property Owners who benefit from the construction of the Developer Infrastructure.

2.5.5.2 Southwest Placer Fee (the "SW Placer Fee"). County shall establish and Developer shall pay the Southwest Placer Fee (**"SW Placer Fee"**) as generally outlined in the Financing Plan. The SW Placer Fee shall be comprised of the costs for infrastructure and equipment that is necessary to support and facilitate the development of the Property and which is required and sized to serve the residents of the Specific Plan, and which also will serve adjacent properties or other development projects that may occur in the general vicinity of the Specific Plan. The SW Placer Fee shall include components covering the costs of the following types of infrastructure and equipment which are more specifically described in the Financing Plan: community park facilities and equipment, library facilities, regional fire center, transit facilities and equipment, fee program formation, administration and fee updates.

2.5.5.3 Initial Establishment of PVSP Fee and SW Placer Fee. County shall determine the initial amounts of the PVSP Fee and the SW Placer Fee based upon estimated costs of construction of the included infrastructure and estimated purchase costs of the included equipment as described in the Finance Plan, as updated upon preparation of the County Facilities, Parks, Transit, Landscape and other Master Plans required by this Agreement.

2.5.5.4 Adjustment of PVSP Fee and SW Placer Fee. On an annual basis, subject to funding being available to the County through the administration portion of previously collected PVSP and SW Placer Fees or from advances made by Developer or the Development Group, County shall review the PVSP Fee and SW Placer Fee and adjust the Fees as necessary to account for actual and reasonable costs of facilities and equipment included within the Fees as such facilities are constructed and equipment is acquired and for the projected change in the future cost of constructing facilities for which the Fees are being collected but which have not yet been constructed. County shall provide sixty (60) days advance written

notice to the Development Group of its intention to adjust the PVSP Fee and SW Placer Fee.

2.5.5.5 Public Land Dedication Equalization Payment. In order to generally equalize the land dedication obligations between the Participating Developers, separate and apart from the PVSP Fee, if Developer is owner of a Property listed on Exhibit 2.5.5.5-A as owing a land dedication equalization payment (the **"Land Payment"**), then Developer shall pay the Land Payment to the County upon recordation of the first small-lot subdivision map for single family development within the Property or issuance of the first building permit for multifamily or non-residential development within the Property, whichever occurs first. Developer acknowledges that the Land Payment has been calculated by using land values agreed to by all of the Participating Developers (including Developer) for the active park lands and County Facility Sites to be dedicated to the County and water tank sites to be dedicated to PCWA and is based on the Property's share of such dedications, after crediting Developer for the amount of any such areas being dedicated by Developer hereunder. The Land Payment shall remain fixed for the buildout of the Property, notwithstanding any change in land values or between the actual and planned number of units developed within the Property. Upon receipt of such Land Payment, County shall forward such payment to the Development Group, which shall be solely responsible for allocating such payment to the Participating Developers whose dedications of such areas exceed their fair share therefor. County shall fully satisfy any obligation to Developer and the other Participating Developers by paying such Land Payments to the Development Group and shall have no obligation or liability to Developer for any claim that Developer is entitled to any share of the Land Payments to be paid by other Participating Developers or for any excess land dedications by Developer, and Developer expressly hereby waives any right to such claim against County.

With regards to a landowner within the Specific Plan who is not a Participating Developer, in consideration of the benefit derived by the non-participating landowner's property by the land dedications made by the Participating Developers, County shall use good faith efforts to require payment from such non-participating landowner of a similar land equalization payment, payable at the time of development described above for payments by Participating Developers. The land equalization amounts for non-participating landowners' properties, assuming all landowners within the Specific Plan were participating in the manner described above, are set forth in Exhibit 2.5.5.5-B. Upon receipt of any such payments from the non-participating landowners, County shall forward such payment to the Development Group in accordance with the provisions of the foregoing paragraph.

2.5.5.6 PVSP Shortfall Payment Upon Reduction in Density. Developer intends to develop all of residential units and/or commercial and office square footage allocated to the Property, as shown on Exhibit 2.2, and acknowledges that the PVSP Fee is based on all allocated units and square footages being developed

within all of the Participating Developers' properties. To ensure that the revenues anticipated from the PVSP Fee are fully realized by development of these properties, except as provided below due to a loss in developable acreage related to the approval of the Fill Permit for the Property, if Developer's development of the Property fails to use (or maintain for future development) all of the units and square footage allocated to the Property, and if any underutilized units are not otherwise transferred to other properties within the Plan Area, then Developer shall pay to the County the amount equal to the number of underutilized units or amount of underutilized square footage times the amount of the applicable PVSP Fee related thereto (a **"PVSP Shortfall Payment"**), in accordance with the terms of this Section 2.5.5.6.

The requirement for any PVSP Shortfall Payment shall be monitored by and coordinated with the Development Group. As Developer processes tentative large and small lot subdivision maps for single family residential development and design approvals for multifamily and commercial or office development, Developer shall certify to the Development Group either that (i) the number of units and/or square footage planned for development and that can be developed within the remainder of the Property (based on the zoning and developable acreage for such remainder of the Property) equals the number of units and/or square footage allocated to the Property, less any units then transferred to other properties within the Plan Area, or (ii) the amount of any then required PVSP Shortfall Payment associated with its pending development of the Property, based on the number of then underutilized units and/or square footage then being developed and remaining to be developed with the Property. Prior to approval of each final small lot subdivision map within the Property or issuance of a building permit for multifamily development or approval of improvement plans for commercial or office development, Developer shall provide to the County a written certification from the Development Group (a **"PVSP Fee Certificate"**) which specifies either that no PVSP Shortfall Payment is due or the amount of any PVSP Shortfall Payment required with respect to such pending development. If the PVSP Fee Certificate specifies that a PVSP Shortfall Payment is due for such development, then Developer shall pay to the County the amount of the PVSP Shortfall Payment upon approval for recordation of such small lot subdivision map or issuance of the multifamily building permit or approval of commercial or office improvement plans. Any such PVSP Shortfall Payments shall be treated by the County in the same manner as payments of the PVSP Fee to the County.

If the amount of developable acreage assumed to be available within the Property is reduced as a result of the approval of the Fill Permit for the Plan Area or the Property, and such reduction in developable acreage results in a reduction in the number of units that can be developed by Developer within the Property based on the maximum densities permitted by the zoning for the Property, unless Developer, at its option, applies for and obtains a rezoning of the Property to permit development of the units allocated to the Property or transfers the excess units to other properties within the Plan Area, then for purposes of this Section 2.5.5.6 the number of units allocable to

the Property shall be re-calculated based on the maximum number of units that can be developed within the Property. Thereafter, the Developer and the Development Group shall base its calculations of any required PVSP Shortfall Payments based on the reduced number of units reallocated to the Property. Developer acknowledges that, in the event of any such reduction in the number of units for the Property or any other Participating Developer's property due to a loss in developable acreage as a result of the approval of the Fill Permit, such unit reduction shall be incorporated into the calculation of the PVSP Fee applicable to all of the Participating Developers, resulting in an increased PVSP Fee for all Participating Developers.

Developer hereby waives and releases the County from any and all rights, claims, actions or liabilities for damages, specific performance or any other relief or remedy otherwise available hereunder or in law or in equity if the County refuses to approve for recordation a small lot subdivision map, or issue a building permit for multifamily development or approve improvement plans for office or commercial development on the basis of Developer's failure to provide a PVSP Fee Certificate from the Developer Group specifying either that no PVSP Shortfall Payment is due or the amount of any required PVSP Shortfall Payment, or on the basis of Developer's failure to pay any PVSP Shortfall Payment specified by the PVSP Fee Certificate, whether or not Developer disputes the amount thereof. Developer also hereby waives and releases the County from any and all rights, claims, actions or liabilities for damages, specific performance or any other relief or remedy otherwise available hereunder or in law or in equity if the County mistakenly approves any of the foregoing entitlements for another Participating Developer who fails to provide a PVSP Fee Certificate or fails to pay any PVSP Shortfall Payment specified thereby. Developer acknowledges that the County will rely solely on the PVSP Fee Certificate from the Development Group for purposes of approving the foregoing entitlements and that the County shall have no obligation to independently determine the accuracy of any PVSP Fee Certificate provided by the Development Group.

2.5.5.7 Urban Services Shortfall Fee. In addition to the obligation to include the Property in a Services CFD in accordance with Section 3.20, below, and in a CSA in accordance with Section 3.21 below, in order to provide additional funding to ensure adequate financial resources are available to County to provide public services to the residents of the Plan Area, Developer shall pay an Urban Services Shortfall Fee of Five Thousand Dollars ($5,000.00) per dwelling unit, or such amount, whether more or less, as the County may determine to be necessary after approval of the final Urban Services Plan. The purpose of the Urban Services Shortfall Fee is (1) to build a services funding reserve that can be drawn upon if and when the pace of development lags behind the need for services to ensure that adequate financial resources are available to provide public services to the residents of the Plan Area and minimize the need to rely upon a levy of a special tax or an assessment on undeveloped property to fund such services, and (2) to build a services funding reserve to be utilized to ensure that the costs of services for affordable and multi-family housing

are not so excessive as to discourage their successful development and operation. The amount of the Urban Services Shortfall Fee shall be determined at the time that the Services CFD and the CSA are formed and special taxes and assessments are levied. After development of no later than 10,500 residential units within the Plan Area (representing approximately 75% build-out of the Plan Area), upon request of the Development Group, the County will review whether the funding reserve provided by payments of this Urban Services Shortfall Fee exceeds the amount required, as determined by the County, to fund a prudent services funding reserve. Excess funding may arise due to an accelerated pace of development or costs of services being less than projected. If the County determines, in its sole discretion, that this Urban Services Shortfall Fee has generated excess revenues, then the County will allow such excess revenues to be used to pay for the costs of improvements and facilities installed by the Development Group hereunder, consistent with prudent fiscal policies as determined by the County.

2.5.6 Adjustment of Development Mitigation Fees and New Development Mitigation Fees. County shall adjust Development Mitigation Fees and New Development Mitigation Fees from time-to-time when it deems it necessary and in the interests of the County to do so. All such adjustments shall be done in accordance with County policy governing the assumptions and methodology governing adjustments of County fees generally and in accordance with the Mitigation Fee Act or other applicable law.

2.5.7 Payment of Fees. Unless otherwise specifically provided in this Agreement, Development Mitigation Fees, New Development Mitigation Fees, Project Development Fees and Project Implementation Fees shall be paid at the time of issuance of building permit, and shall be paid in the amount in effect at the time of issuance of the building permit.

2.6 Affordable Housing. Consistent with the goals and policies contained in County's General Plan and the Specific Plan, and subject to the terms of this Agreement, Developer shall work in partnership with the County to develop or cause ten percent (10%) of the total residential units which are actually constructed within its Property to be developed as affordable housing. In accordance with the terms of this Section, the goal hereof is to provide two percent (2%) of the total residential units as affordable to moderate income households, four percent (4%) of the total residential units as affordable to low income households, and four percent (4%) of the total residential units as affordable to very low income households.

The terms "very low income" means households earning fifty percent (50%) or less of the Placer County median income , "low income" means households earning fifty-one percent (51%) to eighty percent (80%) of the Placer County median income, and "moderate income" means households earning eighty-one percent (81%) to one hundred twenty percent (120%) of the Placer County median income. Median income

and allowable assets shall be determined in accordance with County policy and applicable State and federal affordable housing laws and requirements.

2.6.1 Affordable Purchase or Rental Residential Units. Subject to any transfer or satisfaction of the affordable housing obligation as provided hereunder, Developer shall satisfy the above 10% affordable obligation as and when it develops the balance of the Property. The affordable units shall be developed generally concurrently and in proportion with development of the market rate units within the balance of the Property. Such concurrent development shall be achieved in accordance with the following schedule: (i) Developer and County shall have entered into an Affordable Housing Agreement described below at the time of approval of the first tentative small-lot subdivision map for the Property; (ii) Developer shall have completed the design and obtained all required approvals for the development of the affordable units prior to the issuance of the first building permit after 50% of the total number of single family residential units approved for the Property have been issued; and (iii) Developer shall have completed construction of the affordable units and obtained certificates of occupancy therefor (or obtained credits for any remaining affordable units, based on the completion of excess affordable units by other developers as described below) prior to the issuance of the first building permit after 75% of the total number of single family residential units approved for the Property have been issued.

The affordable units may be provided as either purchase or rental affordable units, or a mixture of both. With respect to purchase affordable units, such units may be located anywhere within the Property, provided the affordable units shall not be located in a manner that results in an over-concentration of affordable units in any particular portion of the Property.

2.6.2 Agreement Required. Prior to the approval of each final residential lot subdivision map within a parcel designated by Developer to provide affordable purchase opportunities, the parties shall enter into County's then current form of Affordable Purchase Housing Agreement for the residential purchase units affordable to low-income households and affordable to moderate-income households. Similarly, prior to the issuance of a building permit for a multifamily development designated by Developer to provide affordable rental opportunities, the parties shall enter into County's then current form of Affordable Rental Housing Agreement for the residential rental units affordable to very low-income households, affordable to low-income households and affordable to moderate-income households. Both agreements shall require that the affordable housing be maintained as affordable units for a period of 30 years (from the initial occupancy of the affordable unit), unless a longer period is required by the type of financing utilized to construct the unit(s), and shall limit sales, resales and rentals of such units to qualified affordable households, subject to permissible hardship exceptions. Upon the expiration of the term of the affordable agreement, no further resale or rental restrictions shall apply with respect thereto. The agreements shall include specific requirements for marketing of affordable purchase units, inclusion or

modification of amenities, exterior materials and finishes, alternate methods of satisfying the affordable housing obligation and best efforts requirements. Such best efforts shall include, without limitation, special advertising prior to the release of the affordable units indicating the availability thereof to very low-, low- or moderate-income households, and maintenance of a waiting list and use of a County maintained list of very low-, low- or moderate-income households seeking housing opportunities in Developer's development(s), and notification of such persons prior to any release of affordable units.

2.6.3 No Subsidies. Developer agrees to provide all of the moderate-income, low-income and very low-income affordable units without any subsidy from the County.

2.6.4 Transfer/Satisfaction of Affordable Obligation. Developer's obligation to use its best efforts to provide affordable purchase or rental units may be moved and may be satisfied by the provision of affordable units elsewhere within the applicable subdivision, or within other residential parcels within the Property, or within residential parcels within other properties within the Specific Plan, subject to such transferee parcel being encumbered by this Agreement, a similar development agreement or an Affordable Housing Agreement (or other applicable County-approved form). No such transfer shall require an amendment to this Agreement, but County and Developer shall execute an instrument memorializing such transfer of obligation which shall be recorded against the affected parcels, with reference to this Agreement.

Developer may also satisfy its obligation to provide affordable units through the purchase of affordable housing credits from other developers within the Specific Plan, as such credits are described in Section 2.6.5 below. Also, County may, in its sole discretion and with the consent of Developer, transfer some or all of the Property's affordable housing obligation to a site or sites in the unincorporated County for construction of special needs housing.

2.6.5 Not a Limitation/Credits for Excess Affordable Housing. Nothing in the foregoing Section 2.6 shall be construed to limit Developer from offering affordable units for sale or rental to households of very low, low or moderate incomes in excess of the number of units specified. Furthermore, if Developer elects to develop any excess affordable units, Developer may generate affordable housing credits that may be transferred to other Participating Developers in the Plan Area. An excess affordable unit shall provide an affordable housing credit when (i) such unit is made subject to an Affordable Housing Agreement with the County, (ii) the unit becomes ready for occupancy, and (iii) all affordable units required under this Agreement, based on the aggregate number of residential units then developed within the Property, have been completed and are ready for occupancy. The sale and transfer of any affordable housing credits shall be made pursuant to private transactions between Developer and other Participating Developers and County shall have no obligation to facilitate such transfers, except to acknowledge that such affordable housing credits are available to

Developer. A transfer of an affordable housing credit shall be effective upon County's receipt of written notice from Developer (a) stating the name of the Participating Developer to whom the credit has been transferred and (b) identifying the property against which the credit is to be applied; such notice of transfer shall also be recorded against the Developer's and the transferee's property to put subsequent parties on notice of the transfer of this credit from the Property, for the benefit of the transferee's property.

2.7 Wetlands Fill Permits.

2.7.1 Developer Obligation. To the extent required to develop the Property, and to construct the Core Backbone Infrastructure, Developer and/or the Development Group shall obtain from the U. S. Army Corps of Engineers or other applicable permitting agency (the **"Permitting Agency"**) a permit or permits (the **"Fill Permit"**) to fill specific wetland resources prior to construction of the Core Backbone Infrastructure and the development of the Property. Developer shall diligently pursue and obtain issuance of the Fill Permit and any amendment, modification or supplement thereto, or any additional Fill Permits if required, in order to implement the Project, including but not limited to off-site improvements. Such Fill Permit or Permits shall be approved, with conditions satisfactory to the County if such conditions survive completion of the improvements and impact or limit any public uses, operations or improvements to be conveyed pursuant to this Agreement, prior to commencement of construction of any improvements on the Property. County is in the process of developing a comprehensive habitat conservation plan, commonly referred to as the Placer County Conservation Plan, and acknowledges that, upon approval of the Fill Permit, to the extent permitted by law, the County will not seek to impose any additional conditions or requirements on Developer to mitigate the impacts of development of the Project on wetlands, notwithstanding any additional conditions or requirements that may subsequently be contained within the Placer County Conservation Plan. Developer intends to mitigate the impacts of such wetland fills through a combination of on-site preservation, off-site preservation and/or on-site and off-site creation of wetland resources.

2.7.2 Maintenance by Developer. Developer, and/or its successors, shall be solely responsible for satisfying all monitoring, reporting, and maintenance, requirements under the Fill Permit during the remaining and any extended monitoring period, as determined by the Permitting Agency. To the extent permitted by law, the costs of complying with such monitoring, reporting and maintenance requirements may be authorized and funded by the Services CFD or CSA to be formed pursuant to Section 3.20 or Section 3.21 below. County agrees to cooperate with Developer to facilitate the ability of the Services CFD and/or CSA to fund such monitoring and compliance, which shall require the County to assume ownership of the on-site and off-site mitigation and preserve areas; in connection with any such ownership, the County may require that Developer arrange for a non-profit land trust or other such entity agree

to assume the monitoring and maintenance obligations on behalf of the County. Furthermore, during said monitoring period, Developer shall indemnify, defend and hold County harmless from any and all costs, liabilities or damages for which the County is held responsible or alleged to be responsible under the Fill Permit, which arise out of or relate to any failure of Developer to satisfy such monitoring requirements, excluding any such failure caused by the active negligence of County or any employees, agents or contractors thereof. Developer acknowledges responsibility for obtaining Fill Permit coverage for all open space uses specified in the Specific Plan and this Agreement.

2.7.3 Facilities Included in Fill Permit. Developer shall use its best efforts to ensure that the approval of its Fill Permit includes development of the bike paths, water quality structures and drainage and flood control facilities, and any other similar improvements described in the Specific Plan and this Agreement. In this regard, Developer shall include to the extent known or planned the approximate location of proposed bike paths, passive recreation areas, water quality structures and drainage and flood control facilities on all maps and/or exhibits accompanying all Fill Permit applications to ensure all proposed open space improvements are disclosed and considered by the Permitting Agency during processing of the Fill Permit and drafting of permit conditions. If any significant modifications are proposed which conflict in any manner with the Entitlements related thereto and to the planned location and improvement of the improvements as a result of approval of the Fill Permit, the revised relocation of such improvements shall be resubmitted to the County for review. The County may approve or deny any request to relocate any of the improvements and the review of such modifications shall be made in accordance with CEQA, which may only require the County to determine, if supported by CEQA, that such relocation substantially conforms with the EIR and approvals related thereto.

2.7.4 Operation and Management Plans. Developer shall be responsible for the cost of preparation of any required operations and management plan required for the Fill Permit and to reimburse County for any costs incurred by its review thereof.

2.8 Acquisition of Necessary Real Property Interests. In any instance where Developer is required by this Agreement to construct any public improvement on land not owned by Developer or other Participating Developers, Developer at its sole cost and expense shall, in a timely fashion to allow it to construct the required improvements, acquire or cause to be acquired the real property interests necessary for the construction of such public improvements.

In the event Developer is unable after exercising all reasonable efforts, including but not limited to the rights under Sections 1001 and 1002 of the California Civil Code, to acquire the real property interests necessary for the construction of such public improvements as to property within Placer County, Developer shall request the County assist in the acquisition of the necessary real property interests. Developer shall provide adequate security for all costs the County may reasonably incur (including the

costs of eminent domain proceedings and the value of the real property) and shall execute an agreement in association therewith acceptable to the County. Upon receipt of the security and execution of the agreement, County shall commence negotiations to purchase the necessary real property interests to allow Developer to construct the public improvements as required by this Agreement and, if necessary, in accordance with the procedures established and to the extent allowed by law, may use its power of eminent domain to acquire such required real property interests. Any such acquisition by County shall be subject to County's discretion, which is expressly reserved by County, to make all necessary findings to acquire such interest, including a finding of public necessity.

In the event Developer is unable after exercising all reasonable efforts, including but not limited to the rights under Sections 1001 and 1002 of the California Civil Code, to acquire the real property interests necessary for the construction of such public improvements as to property within the City of Roseville, Sacramento County, Sutter County, or any other jurisdiction other than Placer County, Developer shall immediately notify the County and shall at the same time request assistance in the acquisition of the necessary real property interests from the appropriate officials within that other jurisdiction. Developer shall provide adequate security for all costs that jurisdiction may reasonably incur (including the costs of eminent domain proceedings and the value of the real property) and, subject to such other entity agreeing on commercially reasonable terms to proceed therewith, shall execute an agreement in association therewith acceptable to that jurisdiction.

In the event after notification by Developer, County or any of the other jurisdictions determines not to proceed with acquisition of the real property interests at that time and Developer is unable thereby to construct the required improvements, Developer shall deposit with County: (a) adequate funds or other security acceptable to County for all costs that the jurisdiction may reasonably incur should it, at some future time, initiate eminent domain proceedings to acquire the real property, and; (b) adequate funds or other security acceptable to County for all costs of construction of the improvements required to be constructed by Developer that are not being constructed due to the lack of public ownership of the necessary real property.

In those circumstances where the County owns property in fee on or over which development of the Property requires permanent and temporary construction easements, road rights-of-way and/or sites for public facilities, County shall grant, at no cost or expense to Developer, such permanent easement, temporary easements, rights-of-way, or sites as needed for the timely and efficient development of the Property.

This Section is not intended by the parties to impose upon the Developer an enforceable duty to acquire land or construct any public improvements on land not owned by Developer, except to the extent that the Developer elects to proceed with the development of the Property.

ARTICLE 3. DEVELOPER OBLIGATIONS

3.1 Development, Connection and Mitigation Fees. Except as otherwise provided in Section 2.5 of this Agreement, any and all required payments of development, connection or mitigation fees by Developer shall be made at the time and in the amount specified by then applicable County ordinances.

3.2 Public Improvements To Be Dedicated, Constructed or Financed by Developer: Requirement for Development Group Certificate. Wherever this Agreement obligates Developer to design, construct or install any improvements, the cost thereof may be provided by Developer and/or by other Participating Developers and/or the Development Group, subject only to reimbursements or credits specified in this Agreement. Developer acknowledges that Developer's right to obtain (a) approval for recordation of final small-lot subdivision maps for single family development (or to have such approval scheduled for hearing by the County), or (b) signed improvement plans and/or grading permits for development of multifamily residential or non-residential development, or (c) building permits for any development of the Property (each, a **"Final Development Entitlement"**), shall be contingent upon Developer's advancing its share of the costs, as and when required hereunder or as and when the Development Group decides to advance the funds, (i) to prepare and obtain approval of the County Facilities Master Plan, the Sewer Master Plan, the Drainage Master Plan, the Parks Master Plan, the Transit Master Plan and the Landscape Master Plan described in this Article 3 and the Implementation Policies and Procedures Manual described in Section 4.4 below (collectively, the **"Required Master Plans"**), (ii) to form the Services CFD and the CSA (collectively, the **"Services Districts"**), authorize the Services Districts to levy special taxes and assessments to fund the services authorized thereby, and include the Property within the boundaries of the Services Districts, and (iii) to design and construct the Core Backbone Infrastructure, the Remaining Backbone Infrastructure, the County Facilities and Community Park improvements, as and when such improvements are required to be installed pursuant to this Article 3 or when the Development Group elects to proceed with such construction. Developer shall not be obligated by this Agreement to fund any of the foregoing costs, unless and until Developer elects to proceed with development of Property and applies for any Final Development Entitlement for the Property.

The foregoing costs for the development of the Required Master Plans, formation of the Services Districts, and design and construction of the Core and Remaining Backbone Infrastructure, County Facilities and Community Park improvements (collectively, the **"Major Development Group Costs"**) will be funded by the Development Group. The Development Group will be formed by some or all of the Participating Developers prior to County approval for recordation of the first large lot subdivision map within the Plan Area.

If Developer elects to defer its participation in the Development Group (or joins the Development Group but thereafter fails to maintain its good standing therein) with respect to any Major Development Group Costs that are required to permit development during and up to issuance, in the aggregate, of building permits for 7,000 residential units (excluding permits for model homes) within the Specific Plan, then Developer acknowledges that, for residential development (other than residential development within a commercial/mixed use land designation), the County shall not approve any Final Development Entitlement for such residential development of the Property (including any final small-lot subdivision map or building permit) until after Developer joins the Development Group and becomes a member in good standing thereof (or reinstates its good standing therein) and until after issuance in the aggregate of the 7,001st building permit for residential units (excluding permits for model homes) within the Specific Plan. Thereafter, with respect to residential development of the Property other than mixed use development, if Developer elects to defer its participation in the Development Group (or joins the Development Group but thereafter fails to maintain its good standing therein) with respect to any Major Development Group Costs that are required to permit development after issuance, in the aggregate, of building permit for 7,000 residential units (excluding permits for model homes) within the Specific Plan, then Developer acknowledges that the County shall not approve any Final Development Entitlement for such residential development of the Property until after Developer joins the Development Group and becomes a member in good standing thereof (or reinstates its good standing therein) and until after issuance in the aggregate of the 10,000th building permit for residential units (excluding permits for model homes) within the specific Plan..

With respect to non-residential development or residential development within a commercial/mixed use land designation, if Developer elects to defer its participation in the Development Group (or joins the Development Group but thereafter fails to maintain its good standing therein), then Developer acknowledges that, for such non-residential or mixed use development, the County shall not approve a Final Development Entitlement until Developer joins the Development Group and becomes a member in good standing thereof (or reinstates its good standing therein).

The foregoing restrictions, although limiting the County's ability to approve a Final Development Entitlement, shall not prevent the County from accepting, processing and approving applications for any Subsequent Entitlements other than a Final Development Entitlement or from accepting and processing (but not scheduling for hearing or approving) applications for a Final Development Entitlement related to the Property, since the foregoing restrictions are for the benefit of the Development Group, the Development Group, upon written notice to the County, may reduce the term of the above restrictions below either the 7,001st or 10,000th residential building permit thresholds to permit earlier approvals of Final Development Entitlements. Any such reduction shall be effective upon the County's receipt of such written notice from the Development Group and shall not require an amendment to this Development

Agreement to be effective. At its own cost, the Development Group may elect to record such notice, with reference to the Development Agreements for each of the Participating Developers, to provide notice of any reduction in these restrictions and the County will cooperate with such recordation, if required by the Recorder's Office.

Developer shall provide to the County a written certification from the Development Group that Developer is a member in good standing of the Development Group (**"Development Group Certificate")** when applying for approval of a Final Development Entitlement for the Property, other than for building permits or certificates or occupancy or final inspections. With respect to requests for building permits, Developer shall not be obligated to provide a Development Group Certificate to the County, unless, prior thereto, the Development Group has notified the County in writing that Developer is no longer a member in good standing of the Development Group. With respect to requests for certificates of occupancy or final inspections, once a building permit has been issued to Developer, the County shall not deny issuance of certificates of occupancy or final inspections for the improvements covered by such building permit on the basis of Developer's failure to maintain its good standing membership in the Development Group, whether or not such failure occurred before or after issuance of the building permit.

Developer acknowledges that its right to obtain approval of a Final Development Entitlement to develop the Property is contingent on the Development Group being formed and Developer being a member in good standing member therein. Developer further acknowledges that the County will rely solely on the Developer's submittal of a Development Group Certificate for purposes of approving a Final Development Entitlement for the Property. Similarly, County will rely solely on any written notice received from the Development Group that Developer has failed to maintain its good standing membership in the Development Group. County shall have no obligation to independently determine or verify whether or not Developer is a member in good standing of the Development Group or whether Developer is otherwise funding its share of the Major Development Group Costs.

Developer hereby waives and releases the County from any and all rights, claims, actions or liabilities for damages, specific performance or any other relief or remedy otherwise available hereunder or in law or in equity if the County refuses to approve a Final Development Entitlement on the basis of Developer's failure to provide a Development Group Certificate, whether or not Developer is a member in good standing in the Development Group, or is otherwise funding its share of these costs. Developer also hereby waives and releases the County from any and all rights, claims, actions or liabilities for damages, specific performance or any other relief or remedy otherwise available hereunder or in law or in equity if the County mistakenly approves a Final Development Entitlement for another Participating Developer who fails to provide a Development Group Certificate evidencing such Participating Developer's good standing membership in the Development Group when required hereunder, provided

this waiver shall not prevent Developer or the Development Group from asking the County to enforce the provisions of this Section 3.2 against such Participating Developer with respect to any subsequent requests for approvals of any Final Development Entitlements.

3.3 Offers of Dedication for Core Backbone Infrastructure, Remaining Backbone Infrastructure, Drainage, Parks, Open Space and County Facilities.

3.3.1 Initial Dedications. Unless deferred as provided below, within one hundred twenty (120) days of the Effective Date of this Agreement, Developer shall execute and deliver to the County for recordation irrevocable offers of dedication (**"IODs"**), in forms acceptable to the County, for any and all portions of the Property planned to be utilized for any of the following purposes:

(i) Core Backbone Infrastructure described in Section 3.5 below;

(ii) Remaining Backbone Infrastructure described in Section 3.6 below;

(iii) drainage areas (**"Drainage Areas"**) within which the Permanent Drainage Facilities described in Section 3.12 below will be located as generally described in the Master Drainage Plan, together with access thereto for maintenance purposes only;

(iv) community parks;

(v) neighborhood parks adjacent to planned school sites;

(vi) open space areas; and

(vii) County Facilities described in Section 3.10 below.

The portions of the Property offered for dedication shall be consistent with the locations shown therefor in the Specific Plan; provided, however, the legal descriptions included with the IODs shall be subject to review and approval by the County prior to recordation. With respect to the foregoing dedications, the County will sign the appropriate acknowledgments to allow the dedications to be recorded, but in its sole discretion may choose to reject the offers until the applicable improvements to be constructed therein are completed and a financing mechanism for the maintenance of such completed improvements acceptable to the County has been established, or until the County otherwise determines it to be in the interests of the County to accept the offer. Upon recordation of the foregoing IODs by all the Participating Developers, the Participating Developers shall prepare a record of survey of all the dedicated areas and, subject to the approval by the County, the County will cause such record of survey to be recorded in the Official Records of Placer County.

3.3.2 Deferral of Dedications Due to Legal Challenges. Notwithstanding anything to the contrary above or elsewhere in this Agreement, in the event a legal action or actions is filed challenging the County's approval or any or all of the Entitlements, the time for executing and delivering the IODs described in Section 3.3.1 above shall be deferred until ninety (90) days after full and complete resolution of all such legal action(s) that either upholds the Entitlements on substantially the same conditions and terms as approved on the Effective Date or with such amendments or modifications thereto that are acceptable to the County, Developer and all other Participating Developers, each in its sole discretion.

3.3.3 Additional Dedications for Secondary Roadway Improvements. Developer shall offer to dedicate any portion of the Property planned for Secondary Road Improvements described in Section 3.7.1 below within sixty (60) days after written request therefor from the County, which request shall include a legal description of the needed portion of the Property.

3.3.4 Adjustments to Dedications. County acknowledges that, as Developer processes large lot and small lot subdivision maps for the Property, minor adjustments to the boundaries of the dedicated areas may be required based on the final engineering for such maps and Developer may also propose to relocate certain roadways, County Facilities or park sites. County and Developer agree to cooperate with any such proposed adjustments or relocations, provided the approval of such adjustments or relocations shall be subject to the County's sole discretion. Upon such approval, County and Developer will cooperate to effect such adjustments or relocations, subject to Developer offering to dedicate to the County any replacement area that may be required by such adjustment or relocation so long as any such replacement area has not then been developed by Developer.

The parties also acknowledge that the descriptions for the County Facility Sites described in Section 3.10 below are based on preliminary plans for the adjacent road improvements and County Facilities planned for these County Facility Sites and that the boundaries of these dedicated areas may need to be revised when the final engineering for the roadways and the final plans for the facilities to be located on these County Facility Sites are approved. As and when such engineering and plans are finalized, Developer shall prepare, execute and deliver to County for recordation amended irrevocable offers of dedication, in forms acceptable to the County, with the required amendments to the descriptions to conform with the final plans for the improvements, so long as (i) the total area dedicated by Developer for the County Facility Site is not substantially increased, (ii) dedication of the additional area will not adversely impact in place improvements constructed by Developer pursuant to a County approval, and (iii) to the extent applicable and provided Developer applies for any necessary approvals and pays all costs of processing, County acknowledges that any area that may have been included as part of the original offer of dedication for the

County Facility Site that is no longer required for the intended purpose may be abandoned back to Developer. Subject to the foregoing conditions, Developer shall provide the amended dedication when the final engineering for the roadways is completed and prior to approval of the final plans for the facilities to be located on these County Facility Sites.

The boundaries for the Drainage Areas may also need to be modified once the Other Agency Approvals described in Section 3.12.2 below are obtained. Developer and County shall cooperate with each other and the Other Agencies to reach agreement on the final descriptions for the Drainage Areas, provided the final approval thereof shall be at the sole discretion of the County. Once the Other Agency Approvals are obtained for the Permanent Drainage Facilities within a drainage shed, subject to the County's approval of any changes, Developer and County shall take such actions as may be necessary to adjust the boundaries of the Drainage Areas in the Drainage IODs and Temporary Construction Licenses to be consistent with such Approvals.

3.3.5 Acknowledgment of Excess Park Dedication and Additional Dedications for Park Sites. Developer acknowledges that the total amount of active and open space park land to be dedicated under the Specific Plan exceeds the General Plan requirements and that, with respect to the active park sites, Developer intends to dedicate, and the County desires to accept, the full amount of acreage planned by the Specific Plan for active park sites, notwithstanding such excess dedication. To ensure that the full amount of planned active park sites are dedicated and developed for the benefit of future residents of the Specific Plan, Developer agrees that it shall not have any right to seek any subsequent reduction in the amount of active park acreage to be dedicated hereunder, even though these dedications may exceed the General Plan requirement or will exceed such requirement due to any subsequent reduction in residential development of the Property. County agrees that, in consideration of Developer's covenant to dedicate these park sites, construct the park facilities as required herein, and/or pay the PVSP Fee, such covenants fully satisfy and the County shall not impose any other park dedication or Quimby Act fee. The County agrees that the provisions of the Specific Plan and the commitments contained herein satisfy the General Plan park obligations for the dedication of neighborhood/community parks, recreational facilities and open space related to development of the Property.

In addition to the dedications required pursuant to Section 3.3.1 above, Developer shall include the dedications of any mini park and/or additional neighborhood park site(s) not previously dedicated to the County as part of its small-lot residential subdivision map(s) for the Property. The number, location and size of any mini park and/or additional neighborhood sites shall be determined as part of the approval of the small-lot residential tentative subdivision map(s) for the Property, provided the total acreage for any required mini park and/or neighborhood park sites shall be consistent with the Specific Plan acreage shown therefor on Exhibit 2.2 attached hereto.

Developer acknowledges that the County shall not be obligated to accept any proposed park land dedications in excess of the amount of acreage set forth on Exhibit 2.2 attached hereto and that, in the event of any such excess dedication, Developer shall not receive any park land credit nor any park fee credit for construction of park improvements on such additional acreage, which construction shall be at the sole cost and expense of Developer.

3.3.6 Grant of Temporary Construction Licenses. In addition to offering for dedication the real property and easements described in Sections 3.3.1 and 3.3.3, when such offers are provided to the County, Developer shall also provide to the County a temporary construction license (the **"Temporary Construction License"**) to permit the construction of the applicable improvement within the dedicated right of way or real property. The Temporary Construction License for road rights of way shall include an additional twenty-five feet (25') on either side of the dedicated rights of way for access by construction equipment, provided such access area shall not extend into any graded pads or improvements constructed within the Property. The Temporary Construction License shall be recorded against the Property and shall be in the form attached hereto as Exhibit 3.3.6. After thirty (30) days written notice to Developer (which notice shall describe the improvement(s) that are the subject of such notice), unless Developer has then commenced or responds that it will be commencing construction of the applicable improvement(s) within 60 days of such notice, the County shall have the right under the Temporary Construction License to assign the license to any other Participating Developer or group of Participating Developers to construct the improvement(s) described in such notice.

3.3.7 County Acceptance of IODs. Except as expressly provided for by this Agreement, all dedicated areas and any other property to be conveyed in fee or by easement to County pursuant to this Agreement shall be with good and marketable title, free of any liens, financial encumbrances, special taxes, or other adverse interests of record, subject only to those exceptions approved by County in writing. The foregoing shall not preclude inclusion of such public property within a financing services district, so long as the levy or assessment authorized thereby is zero (0) while the property is used for public purposes. Developer shall, for each such conveyance, provide to County, at Developer's expense, a current preliminary title report, a CLTA standard coverage title insurance policy in an amount specified by County, and a Phase 1 site assessment for hazardous waste approved by the County. In the event the Phase 1 site assessment indicates the potential presence of any hazardous waste or substance, County may require additional investigation be performed at Developer's expense. Developer shall bear all costs of providing good and marketable title and of providing the property free of hazardous wastes or substances.

County acknowledges that the Drainage Areas and any open space areas that may be preserved as habitat conservation areas may be subject to deed restrictions and easements for the benefit of the Permitting Agency for the Fill Permit or

related approvals and County agrees to accept such areas subject to the deed restrictions and easements required thereby provided County had the prior opportunity to review and approve any such conditions in accordance with Section 2.7.1 above. If the County accepts any Drainage Areas or open space areas prior to recordation of such deed restrictions or easements, upon request of Developer, County shall convey and sign for recordation against such Drainage Areas any deed restrictions and/or easements that may be required by the Permitting Agency for the Fill Permit or related approvals.

3.3.8 Release of Excess Offers of Dedication/No Compensation. In addition to adjustments to dedicated property pursuant to Section 3.3.4 above, County may determine, in its sole discretion, that certain property offered for dedication may not be necessary for public purposes associated with the Specific Plan. Because the offers of dedication pursuant to this Section 3.3 are being made early in the planning process to assure the availability of the areas planned for the Core Backbone Infrastructure, Remaining Backbone Infrastructure, Drainage Areas, County Facilities, park sites and open space, County agrees that subsequent adjustments to or releases of areas approved by the County that were previously offered for dedication by Developer shall not require any compensation to be paid by Developer, notwithstanding any existing County ordinances or policies to the contrary. Developer's early dedication hereunder, together with its covenant to dedicate any replacement area that may be required by an adjustment or relocation, provides adequate compensation to the County for any such subsequent abandonment by the County of these dedicated areas.

3.4 Public Utilities Within Rights-of-Way. Except as otherwise set forth in the Specific Plan or otherwise required by County as provided below, public utilities shall be located within the rights-of-way to be granted by Developer to County for public utility and/or landscape easements or within rights-of-way granted by Developer to County for the arterials, collectors and other local streets within the Property. Accordingly, upon approval of the final large lot subdivision map (or any phase of it), or demand of the County based upon service needs, whichever occurs first, in addition to the dedications to be provided pursuant to Section 3.3 above, Developer agrees to grant and convey to County, through a recorded irrevocable offer of dedication or other means acceptable to County, the rights-of-way for any additional arterials, collectors, local streets, or public utility easements that include the area within which such public utilities will be located. If such utilities need to be installed prior to the construction of the applicable street(s), Developer shall grant a public utility easement that shall merge with the rights-of-way upon completion of the applicable street improvements. The width of the road rights-of-way and public utility and/or landscape easements shall be as shown in the Specific Plan.

Nothing in this Agreement shall be construed to limit or restrict the right of the County to require the dedication of an easement for utility purposes related to development of any parcel when such requirement would be otherwise consistent with

the reasonable exercise of the police powers of the County and is reasonably related to a requirement to serve the parcel or parcels adjacent to the easement. The County may also, in its sole discretion, approve alternative locations for utilities, such as through parks or open space areas.

3.5 Core Backbone Infrastructure. The Core Backbone Infrastructure, consisting of major roadway improvements, sewer, water and recycled water improvements within such roadways, and certain off-site sewer and water improvements, are described in the Financing Plan and summarized in Exhibit 3.5 attached hereto (the **"Core Backbone Infrastructure"**). The following conditions precedent shall be satisfied prior to issuance by the County to Developer of the first building permit, excluding any building permit for model homes issued in accordance with applicable County Code requirements, anywhere within the Plan Area, including the Property but excluding the Special Planning Area: (i) the design for the construction of the Core Backbone Infrastructure shall be completed and approved by the County or applicable public agency, (ii) all required permits, agreements and approvals for the construction of the Core Backbone Infrastructure, including without limitation any Fill Permits or streambed alteration agreements shall be obtained, (iii) adequate security (i.e. bonds or other such security), to the satisfaction of the County securing the completion of the Core Backbone Infrastructure, shall be posted with the County or applicable public agency, (iv) construction contract(s) for all of the Core Backbone Infrastructure shall have been let and entered into by Developer and/or other Participating Developers and/or Development Group, (v) construction of the Core Backbone Infrastructure shall have commenced pursuant to all applicable construction contract(s) and (vi) the Core Backbone Infrastructure which provide complete access, circulation, and service to the portion of the Property proposed to be developed by Developer have been substantially completed, as determined by the County in its sole discretion.

In addition to the foregoing conditions precedent to the issuance of the first building permit, excluding permits for model homes, Developer acknowledges and agrees that, prior to the issuance of the building permit creating the 1,501th residential unit anywhere within the Plan Area, including the Property but excluding the Special Planning Area, all the Core Backbone Infrastructure shall be: (i) determined by County to be fully complete; and, (ii) accepted for public use by County utilizing its standard procedures for acceptance of public improvements. Developer expressly agrees that, in the event the Core Backbone Infrastructure is required to be complete and accepted, but it has not yet been accepted by County, and Developer applies for a building permit for any portion of the Property, County may deny the issuance of building permits for the Property until such time as the Core Backbone Infrastructure is accepted by County, or until Developer and/or the Development Group enters into an agreement acceptable to County providing security for the completion of the improvements to the full satisfaction of County. Developer shall be responsible for all costs of care and maintenance of the Core Backbone Infrastructure until such time as County accepts it as provided herein.

As a condition of acceptance, Developer shall warrant that the work shall be free of defects in workmanship and material for a period of one (1) year after acceptance.

During the design and permitting process for the Core Backbone Infrastructure, Developer shall have the right to submit and process for approval improvements plans and/or tentative and final small-lot subdivision maps for the Property, or any portion thereof, consistent with the Entitlements. The County may withhold approval of any improvement plans and/or small-lot final subdivision maps prior to the satisfaction of conditions 3.5(i) through (v) above. Upon approval of any improvement plans and/or small-lot final subdivision map for recordation, Developer may commence construction of improvements consistent therewith in combination with or subsequent to commencement of construction of the Core Backbone Infrastructure, provided such construction shall not interfere with the construction of the Core Backbone Infrastructure. Developer agrees that any construction of such subdivision improvements by Developer prior to completion and acceptance of the Core Backbone Infrastructure by County shall be at Developer's own risk and that County reserves the right not to accept any such subdivision improvements prior to its acceptance of the Core Backbone Infrastructure.

3.6 Remaining Backbone Infrastructure. In addition to the Core Backbone Infrastructure required prior to commencement of development of the Property, Developer shall be obligated, in accordance with the timing requirements set forth in this Agreement and Exhibit 3.6 attached hereto, to construct design, permit and construct the Remaining Backbone Infrastructure described in Exhibit 3.6 (the **"Remaining Backbone Infrastructure"**), in accordance with the terms of this Section 3.6. During construction, Developer shall be responsible for all costs of care and maintenance of the Remaining Backbone Infrastructure until such time as County accepts it as provided herein. As a condition of acceptance, Developer shall warrant that the work shall be free of defects in workmanship and material for a period of one (1) year after acceptance.

3.6.1. Permit-Driven or As-Warranted Infrastructure. As set forth in Part A of Exhibit 3.6 entitled **"Permit-Driven Infrastructure"** and in Part C of Exhibit 3.6 entitled **"As-Warranted Infrastructure,"** prior to the issuance of building permits for residential units within the Property, excluding permits for model homes, that will cause either (i) the aggregate number of residential building permits then issued within the entirety of the Plan Area, including the Property but excluding the Special Planning Area, to exceed the threshold number of total units set forth in Part A of Exhibit 3.6 for the applicable component(s) of the Remaining Backbone Infrastructure or (ii) will cause a component of the Remaining Backbone Infrastructure to become warranted for installation as determined by the County or PCWA, as applicable, the following conditions precedent must be satisfied: (i) the design of such component of the Remaining Backbone Infrastructure shall be approved by the County or applicable public agency, (ii) any and all required permits therefor shall be obtained, (iii) a contract

for the construction of such component of the Remaining Backbone Infrastructure shall be bid and let, (iv) adequate security assuring completion of such component of the Remaining Backbone Infrastructure to the satisfaction of the County shall have been posted with the County or applicable public agency, and (v) construction of such component of the Remaining Backbone Infrastructure (to the extent not then already constructed or under construction) shall have commenced. From and after such commencement, and subject to any Permitted Delay pursuant to Section 5.4 below, Developer and/or the other Participating Developers and/or the Development Group will diligently proceed with the construction of such component of the Remaining Backbone Infrastructure until completion and acceptance by County; provided, however, if County determines that construction is not being diligently pursued, County may, in its sole discretion, suspend issuance of building permits to Developer until either (1) completion of construction, or (2) County is satisfied that construction is being diligently pursued.

3.6.2. Project-Driven Infrastructure. As set forth in Part B of Exhibit 3.6 entitled **"Project-Driven Infrastructure,"** if and where the Property is identified as an "Affected Property,**"** then prior to the issuance of building permits for residential units within the Property, excluding permits for model homes, that require such component of the Remaining Backbone Infrastructure to be constructed with the recordation of the small-lot final map that contains such units, the following conditions precedent must be satisfied: (i) the design of such component of the Remaining Backbone Infrastructure shall have been approved by the County or applicable public agency, (ii) any and all required permits therefor shall have been obtained, and (iii) construction of such component of the Remaining Backbone Infrastructure shall have been completed and accepted by County for public use or until Developer and/or the Development Group enters into an agreement acceptable to County providing security for the completion of such component to the full satisfaction of County.

Provided, however, notwithstanding anything to the contrary in this subsection 3.6.2, if a component of the Remaining Backbone Infrastructure that is identified in both Part A of Exhibit 3.6 and Part B of Exhibit 3.6 is being constructed due to a permit-driven trigger under Part A of Exhibit 3.6, then the provisions of subsection 3.6.1 above shall apply with respect to the conditions precedent for the issuance of building permits related to the commencement of construction of such component of Remaining Backbone Infrastructure (i.e., Developer shall only be obligated to commence and diligently proceed with construction of such component in accordance with the provisions of subsection 3.6.1 in order to allow issuance of subsequent building permits).

3.7 Road Improvements.

3.7.1 Secondary Road Improvements. In addition to the construction of the Core Backbone Infrastructure and, if and when required, the Remaining Core Infrastructure, development of the Property shall be subject to completion of the

additional specific improvements for the Property (the **"Secondary Road Improvements"**) listed in the Secondary Road Improvement Table (the **"Road Improvement Table"**) attached hereto as Exhibit 3.7.1. These Secondary Road Improvements shall be completed as and when required by the timing set forth in the Road Improvement Table, or an improvement agreement between Developer and County with timing acceptable to County for such construction shall be executed and adequate security therefor acceptable to County shall be posted. If an improvement agreement for the construction thereof has already been entered into between the County and another Participating Developer for the identical improvements and improvement security has been posted to secure such construction, and said Participating Developer and County consent that the improvement security may also be used to secure Developer's obligations, Developer need not post security. If and to the extent any Secondary Road Improvement has not been completed when such Secondary Road Improvement is required by Developer's development (and, if and when applicable, the development of other properties within the Plan Area), Developer shall be obligated to design and construct the then required Secondary Road Improvement at its sole cost and expense, subject to the reimbursement rights described below. Developer acknowledges that some or all of the Secondary Road Improvements may be installed by other Participating Developers in connection with the prior development of other properties, in which case such other Participating Developers may have reimbursement rights as described below. To the extent necessary to provide service to the property being developed, the obligation to construct Secondary Road Improvements shall include the obligation to construct the appropriate and necessary sewer and water infrastructure.

If another Participating Developer installs or is installing any Frontage Improvements (as defined below) adjacent to the Property prior to the time when Developer would be required hereunder to install such Frontage Improvements, then as a condition of development of the Property that would have required Developer to install such Frontage Improvements, Developer shall either (i) pay to such other Participating Developer the reimbursable costs of the Frontage Improvements allocable to the Property (as such costs are calculated in accordance with Section 4.2 of this Agreement) and/or (ii) provide written confirmation to the County from the other Participating Developer that Developer and the other Participating Developer are parties to a private cost sharing agreement whereby Developer is sharing in the costs of the Frontage Improvements and that Developer is in compliance with such private agreement. If a private cost sharing agreement does not exist between the parties and Developer is obligated to pay the costs of the Frontage Improvements to the other Participating Developer, and if the other Participating Developer is installing but has not yet completed the Frontage Improvements, then Developer may satisfy this payment obligation by paying its share of the costs then incurred for the Frontage Improvements to the Participating Developer and depositing the balance of its share of such costs into an escrow, with instructions to release the deposited funds to the other Participating Developer upon completion of the Improvements by the other Participating Developer

and acceptance thereof by the County. If Developer fails without good cause to provide either such payment or evidence of the existence of and its compliance with a private cost sharing agreement with the other Participating Developer(s) when required hereunder, then Developer may be deemed to be in breach of this Agreement and County may refuse to approve any Subsequent Entitlements or issue any building permits within the Property (or portion thereof then requiring such Frontage Improvements) until such breach is cured by Developer.

If Developer installs any Frontage Improvements adjacent to another Participating Developer's property, Developer shall notify County in writing of such construction benefiting another Participating Developer and, upon Developer's request, the County shall use good faith efforts to enforce this similar term of its development agreement with such Participating Developer and condition development of such other Participating Developer's property on payment to Developer of the costs of its adjacent Frontage Improvements in accordance with the foregoing provisions contained in its development agreement with such Participating Developer.

3.7.2 Frontage Improvements. Except as otherwise provided herein with respect to the Core Backbone Infrastructure and Remaining Backbone Infrastructure and with respect to improvements adjacent to public property, Developer shall be obligated as deemed necessary by County, at its sole cost and expense and without any right of reimbursement or fee credit from the County, to design and construct all other road improvements within or adjacent to the Property. Such improvements shall include curb, gutter, utilities, landscaping, streetlights, pavement (including, but not limited to, asphalt, concrete, aggregate base and aggregate sub-base), underground water, sewer and drainage improvements, wholly within the Property and to the centerline of the road rights-of-way adjacent to the Property and, as deemed necessary by County, the full width of landscape medians. Such improvements shall also include any additional pavement widening at intersections within or adjacent to the Property to accommodate turn lanes and bus turnouts (including the approaches to intersections and separate lanes for each turning movement), all grading, drainage laterals and inlets, cross culverts, traffic signing and striping, underground portions of traffic signals and signal interconnects in conjunction with joint trench work along all arterial roadways and at other locations deemed necessary by the County.

Also, except for improvements to Baseline Road and Watt Avenue, if the Core Backbone Infrastructure include an initial two lanes for a road adjacent to the Property, which road is thereafter required to be widened to four lanes upon certain subsequent development of the Property or other property within the Specific Plan, then Developer shall be responsible for one-half of the cost of such widening adjacent to the Property, even though such widening may occur on the other side of the road.

The improvements described above in this subsection 3.7.2 that are the responsibility of Developer shall be referred to herein collectively as the **"Frontage Improvements"**.

Where a roadway is to be constructed by Developer adjacent to an open space parcel located within the Property, Developer shall be responsible for the Frontage Improvements adjacent to the parcel, including the construction of the sidewalk and any required landscaping. Where a roadway is to be constructed by Developer adjacent to a park parcel or County Facility Site that will be subsequently developed for an active public use, Developer shall be responsible for the Frontage Improvements adjacent to the parcel, excluding, however, the construction of the sidewalk and landscaping (which shall be installed in conjunction with the subsequent development of such parcels for public use). The costs of these Frontage Improvements adjacent to open space parcels, parks and County Facility Sites shall be included within the applicable component of the PVSP Fee and, upon completion of construction and acceptance of the improvements by County, Developer shall be entitled to Fee Credits or reimbursement from such Fee, based on the costs for such improvements used to establish such Fee. Developer shall also be responsible for the costs of any Frontage Improvements adjacent to school sites, water tanks, cemetery or electrical substations, provided the costs thereof shall not be included within the PVSP Fee or other County fee, but may be recoverable by Developer in accordance with the separate acquisition agreement to be entered into between Developer and the district or entity that will be acquiring such site.

3.7.3 Timing of Sidewalks and Landscaping. Sidewalks/trails and landscaping to be installed adjacent to single-family subdivisions within the Plan Area shall be installed concurrently with the subdivision improvements for each single-family residential-lot subdivision. In the case of multi-family or non-residential development, sidewalks and landscaping shall be installed concurrently with construction of the subject building(s). Landscape medians shall be installed concurrently with the road improvements that include such medians.

In addition to the general rule above, depending on the timing of other development within the Specific Plan, to the extent deemed necessary by the County to provide pedestrian connections along applicable thoroughfares, arterials or collectors, County may require Developer to install temporary or permanent sidewalk improvements as part of any Secondary Road Improvements being installed by Developer adjacent to the Property (even if Developer is not then developing the subdivision adjacent thereto) and adjacent to other Participating Developer's properties, to the extent such Secondary Road Improvements are being installed adjacent to or through such Participating Developer's property.

3.7.4 Road Improvement Standards. All improvements to be installed by Developer shall comply with the Specific Plan Roadway Section Standards. Unless the

Specific Plan provides otherwise, the design and construction of all improvements shall be in accordance with County's Land Development Manual, as amended and updated from time-to-time. The rights-of-way required for such road improvements shall be as set forth in the Specific Plan, or, if not shown in the Specific Plan, then as set forth in the County's Land Development Manual. As to any road improvements to be constructed by Developer hereunder, Developer shall have the responsibility of securing any and all local, state and federal permits necessary for such construction.

3.7.5 Landscape Setbacks. For the roadways within and/or adjacent to the Property, Developer shall establish the applicable landscape setbacks provided therefor by the Specific Plan. Such setbacks shall be measured generally from back of curb, except along intersections, bus turnouts, turn lanes, etc., which facilities may encroach into the landscape setback to the extent permitted by the Specific Plan. Such landscape setbacks shall be limited to landscaping, streetlights, utilities, sidewalks and related uses.

3.8 County Discretion to Defer Timing of Improvements. The County, in its sole discretion, may elect to defer the timing for the installation of or advance funding for any component of: the Core Backbone Infrastructure, the Remaining Backbone Infrastructure, the Secondary Road Improvements, the County Facilities as specified in the County Facilities Master Plan required by Section 3.10.1 herein, or the park facilities and trail improvements as specified in the Parks Master Plan required by Section 3.13.1 herein, so long as such deferral does not impair Developer's right to develop or continue development of the Property as if such deferred improvement were then completed. Such deferral may be unlimited or may require Developer to commence and diligently proceed with construction of the deferred improvement at a later time, or upon development of another portion of the Property, or upon development of other property within the Specific Plan. The deferral of any Frontage Improvement shall not affect the obligation of Developer to share in the cost of such Frontage Improvement when subsequently constructed, provided, if the deferral may cause the applicable Frontage Improvement to be deferred until after buildout of the Property, then prior to approval of a final subdivision map that creates more than Eighty Percent (80%) of the single family lots planned for the Property, the County shall require Developer to pay (or post acceptable security to assure payment of) the then estimated amount of the Frontage Improvement allocable to the Property, for future reimbursement to the Developer who will subsequently build such Frontage Improvement.

3.9 Water Supply.

3.9.1 Water Facilities. Developer acknowledges that the water transmission and storage facilities to be installed by Developer as part of the Core Backbone Infrastructure and the Remaining Backbone Infrastructure will be owned and operated by the Placer County Water Agency (**"PCWA"**). Accordingly, the design of these water facilities shall be subject to approval by PCWA and any reimbursements or

credits associated with these water facilities shall be subject to and dependent upon Developer and/or the Participating Developers entering into a separate agreement(s) with PCWA. The costs of these water facilities shall not be included within the PVSP Fee or any other County fees.

Developer also acknowledges that PCWA is currently planning for the potential extension of a major water transmission main to transport water from the Sacramento River to PCWA's system, which is anticipated to be located, in part, within the alignment for Baseline Road. Developer has confirmed with PCWA that the location of such transmission main may be able to be located within the portion of Baseline Road planned to be widened as part of the Remaining Backbone Infrastructure. County agrees to cooperate with Developer and PCWA to allow any such major water transmission main to be located with such portion of Baseline Road.

3.9.2 Periodic Confirmation of Water Supply. The County has determined, and Developer agrees, based upon the current information at the time of approval, that the available water supply is sufficient to serve all phases of the Project. This determination was the conclusion of a review of the demand and source issues created by the projected build-out of the Project, which was based upon the various technical studies completed in connection with the environmental review of the Project and information provided by PCWA. The demand for water at build-out of the Project was determined by reference to the current information on water usage by the various land uses included and permitted within the County and the proposed land uses within the Project. The sources of water evaluated for the Project are the same types of sources currently used throughout the County. Nothing in this Agreement shall limit or restrict PCWA's use of its water resources, except as water supply commitments are perfected between Developer and PCWA. Developer is satisfied, based upon detailed technical analysis, that the demand and source assumptions relied upon to assure water for the Project are valid. However, the Parties have agreed to the following procedure to assure the continued validity of the underlying assumptions and the continued availability of sufficient water to service all phases of the Project. On an annual basis during the Term of this Agreement, the Parties shall meet with the Placer County Water Agency and review the underlying assumptions regarding water demands of the Project and sources of water for the Project. If the actual demand and sources appear that they will differ materially from the assumptions upon which the Project was approved, and that the difference(s) will negatively affect the ability to provide water for the Project, then the Parties shall meet and in good faith attempt to implement whatever measures are needed to assure that the water supply will meet the Project's demands. Development and implementation of such measures shall be at Developer's cost. Notwithstanding any other provision of this Agreement, including but not limited to Sections 2.2 and 2.4.1, the County shall have the right to impose any restrictions needed to assure that the further development of the Project will be consistent with the then current assessment of the available water supply. County restrictions may include, but shall not be limited to, additional conservation measures, water transfers, limitation

on new tentative maps and permits and such other measures as the County deems necessary.

3.10 County Facilities. Consistent with the Specific Plan, Developer shall dedicate to the County any lands located within the Property that are planned for public facilities to be owned and operated by the County, and construct or cause to be constructed the applicable public facilities thereon (the **"County Facilities"**), all as set forth herein. The sites planned for the County Facilities to be owned and operated by the County (the **"County Facility Sites"**) are designated in the Specific Plan for uses such as Corporation Yard, Fire Stations, Sheriff's Substation, Government Center, Library, and Transit Center.

3.10.1 County Facilities Master Plan. Developer shall prepare, or cause to be prepared with the other Participating Developers or the Development Group, a County Facilities Master Plan, which shall be approved by County Board of Supervisors prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first. The County Facilities Master Plan shall set forth detailed specifications and standards for the County Facilities to be provided on the County Facility Sites, utilizing the conceptual plans therefor in the Specific Plan, the generalized description of facilities, equipment and furnishings set forth in the Finance Plan and the information from Exhibit 3.10.2.2. In connection with the approval of the County Facilities Master Plan, Developer and County acknowledge that cost estimates will be included in the County Facilities Master Plan. Until all of the County Facilities have been constructed, no less often than once every (3) years after the approval of the County Facilities Master Plan, Developer shall undertake a review of the Plan in conjunction with County and, if deemed necessary by County in its sole discretion, Developer shall prepare or cause to be prepared with the other Participating Developers or the Development Group an update of the County Facilities Master Plan to be approved by County, which shall review County's current and prospective County facilities needs to take into account any change in County's general standards or requirements that are then being applied by County in its design, equipping and furnishing of similar County facilities serving residents of southwestern Placer County for inclusion in County Facilities then remaining to be constructed, equipped and furnished hereunder. Once the County Facilities Master Plan or update is approved by the County, any additions or modifications to the County Facilities, equipment or furnishings that are requested to be included by County (except as may be required by changes in local, state or federal requirements) and that would cause a material increase the cost of design, construction and equipping of such County Facilities above the cost based upon the approved or updated Plan, after such costs are adjusted for increases in actual construction costs, shall be at the cost and expense of County.

3.10.2 Design, Construction and Equipping of County Facilities. Developer, with other Participating Developers or through the Development Group, shall design and construct the County Facilities, and upon completion of each County Facility shall install the equipment and furnishings required therefor, in accordance with the following provisions:

3.10.2.1. The County Facilities for the respective County Facility Sites shall be constructed and improved according to a plan for each site to be approved by the County. These County Facilities shall be designed by the Developer in accordance with the design and equipping standards for such facilities and improvements described in the County Facilities Master Plan. The improvement plan for each County Facility shall include detailed construction plans, specifications and drawings for the site provided by the Developer. So long as the plans and specifications are substantially consistent with the County Facilities Master Plan, Developer shall be responsible for all costs associated with the design, construction and equipping of the County Facilities, including the costs of preparing the required plans and drawings and, if necessary, obtaining any and all other required permits and any required supplemental environmental analysis. Once approved, the construction, equipping and furnishing of each County Facility shall be in accordance with the approved plans and specifications therefor.

3.10.2.2. The timing by which construction of each of the County Facilities, or phases thereof, must be completed or commenced is set forth in Exhibit 3.10.2.2.

(A) Each County Facility, or phase thereof, listed in Exhibit 3.10.2.2 under the heading or subheading of "Sheriff" or "Fire Services" must be completed prior to the issuance of the building permit which will result in the then aggregate number of units for which building permits have been issued (excluding permits for model homes) within the Specific Plan Area, including the Property but excluding the Special Planning Area, to exceed the corresponding number of residential units as specified in Exhibit 3.10.2.2. for that particular Facility or phase. For the purposes of this Agreement, "completed" shall mean (i) the design of such facility shall have been approved by the County, (ii) any and all required permits therefor shall have been obtained, and (iii) construction, equipping and furnishing of such facility shall be complete and a certificate of occupancy issued for such facility, or County and Developer or the Developer Group shall have entered into an agreement acceptable to County providing security for the completion of the facility to the full satisfaction of County.

(B) Each County Facility, or phase thereof, listed in Exhibit 3.10.2.2 under the heading or subheading of "Government Center", "Library", "Public Works" or "Facility Services" must be commenced prior to the issuance of the

building permit which will result in the then aggregate number of units for which building permits have been issued (excluding permits for model homes) within the Specific Plan Area, including the Property but excluding the Special Planning Area, to exceed the corresponding number of residential units as specified in Exhibit 3.10.2.2. for that particular Facility or phase. For the purposes of this Agreement, "commenced" shall mean: (i) the design of the facility shall have been approved by the County, (ii) any and all required permits therefor shall have been obtained, (iii) a contract for the construction of the facility shall have been bid and let, (iv) adequate security assuring completion of the facility to the satisfaction of the County shall have been posted with the County, and (v) construction of the facility (to the extent not then already constructed or under construction) shall have begun. From and after such commencement, and subject to any Permitted Delay pursuant to Section 5.4 below, Developer and/or the other Participating Developers and or the Development Group will diligently proceed with the construction of the applicable County Facilities until completion; provided, however, if County determines that construction is not being diligently pursued, County may, in its sole discretion, suspend issuance of building permits to Developer until either (1) completion of construction, or (2) County is satisfied that construction is being diligently pursued.

3.10.2.3. The infrastructure improvements to be constructed for each County Facility shall include any adjacent Frontage Improvements. When installing road improvements adjacent to a County Facility Site, Developer shall construct the Frontage Improvements therefor (excluding landscaping and sidewalks, unless the County Facility Site is developed at the same time as such Frontage Improvements are being installed) and stub utilities for the County Facility Site, subject to direction from the County on the location of such utility stubs.

3.10.2.4. Developer shall be responsible for all costs of care and maintenance of each County Facility until such time as County accepts it as provided herein. Upon satisfactory completion of each County Facility, or phase thereof, Developer shall cause such Facility to be equipped and furnished in accordance with the specifications therefor in the County Facilities Master Plan. Upon such completion, equipping and furnishing of the County Facility, County shall accept the dedication of the applicable improved County Facility Site and assume the ownership and maintenance thereof, as improved, equipped and furnished. As a condition of acceptance, Developer shall warrant that the work shall be free of defects in workmanship and material for a period of one (1) year after acceptance.

3.10.3 Financing Construction of County Facilities. Developer, together with other Participating Developers within the Specific Plan, shall be solely responsible to fund the design and construction of the County Facilities and, except as otherwise

expressly provided herein for increased costs due to requests by County for inclusion of upgrades that are not within an approved or updated County Facilities Master Plan, County shall have no obligation to fund such costs. As provided in Section 3.2 herein, Developer anticipates entering into a cost sharing agreement or other arrangement with the other Participating Developers to form the Development Group pursuant to which the parties thereto shall allocate among themselves the costs and obligations relative to the value of the dedications of the County Facility Sites and construction, equipping and furnishing of the County Facilities and ancillary improvements within the Specific Plan required of such parties. Upon request of the Participating Developers, the County will consider including the costs of design and construction, equipping and furnishing of the County Facilities as a component of an Infrastructure CFD.

3.10.4 Interim Library Facilities Fee. In addition to constructing the library facilities portion of the County Facilities as required in this Section 3.10, if Developer is the applicant for the first building permit within the entirety of the Plan Area, excluding the Special Planning Area, Developer shall pay or cause the Development Group to pay an amount equal to the sum of Six Hundred Thousand Dollars ($600,000), plus any increase attributable to the adjustment of said sum from the Effective Date to the date of issuance of said first building permit as calculated by utilizing an annual percentage of change in the California Engineering News Record Construction Cost Index. Said funds shall be utilized by County in the manner that County deems, in its sole discretion, to be the most effective means to provide library services to residents in the Plan Area. The Development Group shall receive an equivalent amount of credits against the library portion of the SW Placer Fee upon such payment to the County.

3.10.5 Regional Fire Facility Fee. In addition to constructing the fire services facilities portion of the County Facilities as required in this Section 3.10, if Developer is the applicant for the 5,001st residential building permit within the entirety of the Plan Area, excluding the Special Planning Area, Developer shall pay or cause the Development Group to pay an amount equal to the sum of Seven Million One Hundred Seventy Five Thousand Five Hundred Dollars ($7,175,500), plus any increase attributable to the adjustment of said sum from the Effective Date to the date of issuance of said first building permit as calculated by utilizing an annual percentage of change in the California Engineering News Record Construction Cost Index, less the amount of the SW Placer Fees allocable to the regional fire safety facility then paid to the County by development within the Specific Plan. Said funds shall be utilized by County in the manner that County deems, in its sole discretion, to be the most effective means to provide a regional fire safety training facility for the benefit of the residents in the Plan Area. In consideration of and upon receipt of this payment, Developer's obligation to pay this portion of the SW Placer Fee shall be deemed satisfied in full with respect to the development of any remaining residential units within the Property and the Development Group shall receive an equivalent amount of credits against the regional fire safety facility portion of the SW Placer Fee..

3.11 Sewer Master Plan. Developer shall prepare, or cause to be prepared with the other Participating Developers, a Sewer Master Plan for providing sewer service to the developed properties within the Specific Plan area, which shall be approved by the County prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first. The Sewer Master Plan shall include information on wastewater generation rates, peaking factors, location, placement and sizing of gravity pipelines, force mains, lift stations, and other necessary infrastructure.

3.12 Drainage Facilities. Developer shall dedicate land for and provide drainage improvements as provided in this Section.

3.12.1 Drainage Master Plan. As part of the approval of the EIR, the County approved a drainage study. Developer shall prepare, or cause to be prepared with the other Participating Developers, a Drainage Master Plan updating the work previously undertaken in conjunction with the EIR, which shall be approved by the County prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first. The Drainage Master Plan shall identify each of the drainage sheds within the Plan Area and the areawide drainage facilities (the **"Permanent Drainage Facilities"**) required to serve each drainage sheds. Subject to the Other Agency Approvals described below, the Drainage Master Plan shall identify the size and location of all Permanent Drainage Facilities proposed for each of the drainage sheds within the Plan Area.

3.12.2 Other Agency Approvals. Prior to the issuance of any grading permit, or approval of any improvement plans, or recordation of a final small-lot subdivision map for any development within an affected drainage shed of the Plan Area, if not then obtained by another Participating Developer, Developer shall obtain, at its expense, all permits and agreements as required by other agencies having jurisdiction over drainage, water quality or wetlands issues (the **"Other Agency Approvals"**), including, but not limited to, the Regional Water Quality Control Board (**"RWQCB"**), the U.S. Army Corps of Engineers and the California Department of Fish and Game for all the Permanent Drainage Facilities planned to be located within or serving such drainage shed. The requirement to obtain these Other Agency Approvals for all Permanent Drainage Facilities serving the drainage shed prior to any development within such drainage shed shall apply whether or not Developer will be constructing all or only a portion the planned Permanent Drainage Facilities for development of the Property. Developer shall also be responsible for obtaining the Other Agency Approvals for the construction of any Interim Drainage Facilities, as may be permitted pursuant to Section 3.12.4 below, prior to the issuance of any grading permit, or approval of any improvement plans, or recordation of a final subdivision map for any development of the

Property that would be served by such Interim Drainage Facilities.

Concurrently with construction of any improvements, Developer shall prepare and implement a Storm Water Pollution and Prevention Plan (SWPPP), and shall construct and maintain Best Management Practices (BMPs) as required by law, the SWPPP and as approved by the RWQCB and County. Developer shall obtain a permit from the RWQCB for the General Construction Storm Water Permit Compliance Program, as required by law, prior to the start of any construction, including grading.

3.12.3 Construction Consistent with Drainage Master Plan and Other Agency Approvals. Prior to the issuance of any grading permit, or approval of any improvement plans, or recordation of a final small-lot subdivision map for any portion of the Property, Developer shall design and construct the drainage facilities required to serve development of the Property, or such portion thereof, consistent with the Drainage Master Plan and the Other Agency Approvals. For each portion of the Property then proposed for development, Developer shall construct all Permanent Drainage Facilities located within such developing portion of the Property. Also, except as may otherwise be permitted pursuant to Section 3.12.4 below with respect to construction of Interim Drainage Facilities, for each portion of the Property then proposed for development, Developer shall design and construct all downstream Permanent Drainage Facilities within the applicable drainage shed required to provide drainage of the developing portion of the Property.

3.12.4 Interim Drainage Facilities Prior to 50% Development. Until final maps are recorded for more than 50% of the developable area within a drainage shed, if the downstream Permanent Drainage Facilities that would be required for Developer's proposed development of the Property, or any portion thereof, cannot feasibly be constructed due to either the amount of additional Permanent Drainage Facilities that would be required, the ability to obtain necessary right of way and/or any other reasons that County determines would make construction of such downstream Permanent Drainage Facilities impracticable, County may approve the construction of a combination of Permanent Drainage Facilities within and near the Property and other interim drainage facilities, which may consist of temporary detention basins and/or temporary channel improvements (**"Interim Drainage Facilities"**). Prior to approving any such Interim Drainage Facilities, Developer shall prepare a supplemental drainage report that identifies the reasons why the necessary downstream Permanent Drainage Facilities cannot feasibly be constructed, alternative interim drainage facilities proposed to serve the Property and the interrelationship between the Interim and Permanent Drainage Facilities. The supplemental drainage report shall be subject to the review and approval by the County and may require additional environmental analysis and review and may also require approval by the Other Approval Agencies.

3.12.5 Permanent Drainage Facilities After 50% Development. Once final maps are recorded for more than 50% of the area within a drainage shed, if any

remaining Permanent Drainage Facilities are needed to serve Developer's development, then Developer shall construct the additional Permanent Drainage Facilities required to serve the Property and shall have no right to seek approval from the County for construction of any Interim Drainage Facilities.

3.12.6 Storm Drains. Developer shall construct storm drain mains and laterals as required by the Drainage Master Plan and in accordance with the County's then current improvement standards and shall provide laterals to serve all parcels on the Property, including, but not limited to, commercial, multifamily, church, fire station, schools, park and other public sites. Storm drain laterals shall be constructed to the property line concurrently with the construction of connecting open channels or storm drain mains.

3.12.7 Maintenance of Drainage Facilities. The construction of the Permanent Drainage Facilities and related facilities will require on-going funding for long-term maintenance and repair. Developer shall be solely responsible for the maintenance of any Interim Drainage Facilities constructed by Developer to serve the Property. The maintenance of the Permanent Drainage Facilities is anticipated to be funded by either the Services CFD described in Section 3.20 below or the County Service Area described in Section 3.21 below. Developer and County acknowledge that the maintenance of these Permanent Drainage Facilities will benefit the entire Specific Plan area. Therefore, the funding for such maintenance shall be shared on a per acre basis by all developable property within the Specific Plan, as determined by the County in connection with the formation of the Services CFD and CSA, and shall not be separately allocated or divided between the drainage sheds.

3.13 Parks and Open Space.

3.13.1 Parks Master Plan. Developer shall prepare, or cause to be prepared with the other Participating Developers, a Parks Master Plan for the parks, trails and open space utilizing the conceptual plans therefor in the Specific Plan and the generalized description of facilities, equipment and furnishings set forth in the Finance Plan. The Parks Master Plan shall be approved by the County Board of Supervisors prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first. The Parks Master Plan shall specify the park facilities to be provided to serve the needs of the residents of the Specific Plan, including the facilities and improvements to be provided with the mini, neighborhood and community parks, trails (bike, pedestrian, and equestrian), and open space areas, and the detailed standards and specifications to be followed for development of each park, which shall include a specification of buildings and facilities, improvements, equipment, design features, utilities and other necessary and related required improvements The Parks Master

Plan shall be coordinated with the County Facilities Master Plan to ensure integration of planning the facilities.

3.13.2 Construction of Mini and Neighborhood Park Improvements. Developer shall design and install park improvements for any and all mini and neighborhood park site(s) consistent with the acreage as shown in the Specific Plan for the Property, in accordance with the following provisions:

3.13.2.1 If Developer is obligated to provide any park acreage other than neighborhood parks adjacent to school sites or community park, then Developer's tentative small-lot subdivision map(s) for the Property shall identify the proposed location(s) for these additional park acreage. In addition to determining the number, size and location of any additional mini park and neighborhood park sites to satisfy Developer's park acreage requirement, if more than one park site (mini and/or neighborhood) is proposed for the Property, the tentative small-lot subdivision map shall identify appropriate neighborhoods, the development of which will be responsible for the construction of its assigned park site. Such neighborhoods shall generally consist of a grouping of approximately 100 residential units surrounding or near the applicable mini park site or a grouping of approximately 200 residential units surrounding or near the applicable neighborhood park site. If only one park site is proposed for the Property, then all references in this Section 3.13.2 to a "neighborhood" shall refer to the Property.

3.13.2.2 Each mini or neighborhood park site shall be improved in conjunction with Developer's development of the applicable neighborhood assigned to the development of such park site. The park facilities therefor shall be constructed and improved according to a plan for the site to be prepared by Developer and approved by the County. These park facilities shall be designed in accordance with the preliminary designs therefor described in the Specific Plan and the detailed design standards and specifications for such facilities and improvements described in the Parks Master Plan. The improvement plan for the park site shall include detailed construction plans, specifications and drawings for the site to be approved by the County. Developer shall be responsible for all costs associated with the approval of the plan, including the costs of preparing the required construction plans and drawings.

3.13.2.3 Developer shall be responsible for all costs to construct the park improvements for its applicable park sites consistent with the approved plans therefor and shall not be limited by the budgeted amounts therefor then being used by the County in the neighborhood park fee component of the PVSP Fee. The cost estimates and the corresponding neighborhood park fee component of the PVSP Fee shall be adjusted by the County as part of the fee adjustments pursuant to Section 2.5 above. Developer further acknowledges

that County shall have no obligation to pay any reimbursement in the event of any shortfall between the neighborhood park fee component of the PVSP Fee collected to pay for the construction of these park improvements and the actual costs incurred by Developer therefor and that, if the neighborhood park fee component collected by County to fund such reimbursement is insufficient, then Developer shall have no right to reimbursement for the costs of these improvements.

3.13.2.4 Except as may otherwise be agreed to by the County as part of the approval of the subdivision that includes a park, Developer shall submit completed plans to the County for improvement of each mini or neighborhood park prior to the issuance of the 50th building permit within the applicable neighborhood for a mini park and the 100th building permit within the applicable neighborhood for a neighborhood park, excluding permits for model home construction.

3.13.2.5 Except as may otherwise be agreed to by the County as part of the approval of the subdivision that includes a park, Developer shall commence construction of the park improvements for a neighborhood park in accordance with its approved park plan prior to the issuance of the 100th building permit within the applicable neighborhood for a mini park or the 200th Building Permit within the applicable neighborhood, excluding permits for model home construction. Thereafter, Developer shall diligently proceed with such construction and use good faith, diligent efforts, subject to the provisions of Section 5.4 below, to complete the construction of the improvements to the park site within one (1) year of the date of commencement of such construction.

3.13.2.6 Park improvements constructed by Developer for each park shall include all utilities and all landscaping and irrigation necessary to serve the park. When installing road improvements adjacent to a mini or neighborhood park site, Developer shall construct the necessary Frontage Improvements therefor (excluding landscaping and sidewalks, unless the park is developed at the same time as such Frontage Improvements are being installed) and stub utilities for the park site, subject to direction from the County on the location of such utility stubs. The costs of the Frontage Improvements shall be included as part of the neighborhood park fee component of the PVSP Fee and Developer will thereby receive credit for installing these Frontage Improvements.

3.13.2.7 Upon satisfactory completion of the mini or neighborhood park improvements by Developer, County shall accept the dedication of the improved park site and assume the ownership and maintenance thereof, provided the cost of such maintenance shall be funded by either the Services CFD or County Services Area described in Sections 3.20 and 3.21 below.

3.13.3 Construction of Pedestrian, Bike and Equestrian Trail Improvements. Developer shall design and construct any pedestrian, bike and/or equestrian trail improvements, including signage, proposed by the Parks Master Plans to be included within any portion of the Property and/or adjacent open space (collectively, the **"Trail Improvements"**) to be located within any portion of the Property, subject to and in accordance with the following provisions,

3.13.3.1 Except for Trail Improvements to be located within mini, neighborhood or community parks, which shall be installed as part of the park improvements therefor, Developer shall install the sections of any Trail Improvements within its Property as and when it installs the subdivision improvements within the applicable portion of the Property and/or adjacent to open space contained within the Property, but in no event later than the issuance of building permits for more than 50% of the number of residential units approved for the Property. The Trail Improvement to be installed upon development of the Property is generally shown in the Specific Plan and will be further described by the Parks Master Plans. Connections to the Trail Improvements from the Property shall be installed at the same time as the subdivision improvements for the adjacent parcel(s) are installed, which connections shall be included as part of the subdivision improvements for such parcel. Subject to County obtaining dedications and temporary easements to allow Developer to construct such additional sections of the Trail Improvements, in addition to installing all Trail Improvements to be located within the Property, depending on the timing of other development within the Specific Plan, County may require additional off-site trail improvements to be installed by Developer to the extent deemed necessary by the County to provide trail connections to and between existing thoroughfares, arterials or collectors.

Furthermore, if Developer is the developer of Property 1A or Property 2, the following additional provision shall apply: Unless a prior Developer has installed or agreed to install the Trail Improvements planned within the Dry Creek Corridor from the Sacramento County line to Walerga Road as generally shown in the Specific Plan and as defined by the Parks Master Plan, then as a condition of approval of the first final small lot subdivision map within the Property, Developer shall design and install all of the Trail Improvements planned to be installed from the Sacramento County line to Walerga Road, including the planned connections thereto with other Participating Developers' properties adjacent thereto.

3.13.3.2 The applicable Trail sections shall be constructed and improved according to the Parks Master Plans for the Plan Area. The Trails shall be designed in accordance with the County's design standards for such Trails and the design standards to be included as part of the Parks Master Plan. Developer shall be responsible for all costs associated with the design and

construction of the Trail Improvements, including the costs of preparing the required plans and drawings and, if necessary, obtaining any and all other required permits and any required supplemental environmental analysis.

3.13.3.3 Developer shall proceed with and complete the construction of the Trail Improvements in accordance with the approved plans at the same time as it installs and completes the subdivision improvements for the applicable or adjacent subdivision.

3.13.3.4 Upon completion of any Trail Improvements by Developer, County shall accept the dedication of the applicable Trail Improvements and open space area within which such Trail Improvements are located and assume the ownership and maintenance thereof, provided the cost of such maintenance shall be funded by the Services CFD and/or the County Services Area described in Sections 3.20 and 3.21 below.

3.13.4 Community and Town Center Parks. Whether or not located within or adjacent to the Property, Developer shall construct, or cause to be constructed with the other Participating Developers, the community parks and facilities and town center parks and facilities as more particularly described in the Parks Master Plan and in accordance with the timing as specified in Exhibit 3.13.4. Prior to the issuance of building permits (excluding permits for model homes) which will result in the then aggregate number of units for which building permits have been issued (excluding permits for model homes) within the Specific Plan Area, including the Property but excluding the Special Planning Area, to equal or exceed the corresponding number of residential units as specified in Exhibit 3.13.4, for that particular park facility, construction shall have commenced for that particular facility. For the purposes of this Agreement, "commenced" shall mean: (i) the design of the applicable park facilities shall have been approved by the County, (ii) any and all required permits therefor shall have been obtained, (iii) a contract for the construction of the applicable park facilities shall have been bid and let, (iv) adequate security assuring completion of the applicable park facilities to the satisfaction of the County shall have been posted with the County, and (v) construction of the applicable park facilities shall have begun. From and after such commencement, and subject to any Permitted Delay pursuant to Section 5.4 below, Developer, or the other Participating Developers or the Development Group will diligently proceed with the construction of the applicable park facilities to complete the construction of the improvements within one (1) year of the date of commencement of such construction; provided, however, if County determines that construction is not being diligently pursued, County may, in its sole discretion, suspend issuance of building permits to Developer until either (1) completion of construction, or (2) County is satisfied that construction is being diligently pursued. The applicable community parks need not be accepted by the County prior to completion of the Phase 1 improvements for the applicable park site.

3.13.5 Satisfaction of Park Obligations. The County acknowledges that Developer's covenants to construct the park and trails improvements pursuant to this Section 3.13 and to pay the PVSP Fee and SW Placer Fee, which include components for the costs of such park and trail improvements, fully satisfy the County's development mitigation fee requirements for parks and recreation facilities as set forth in Placer County Code Article 15.34.

3.14 Transit Master Plan. Developer shall prepare, or cause to be prepared with the other Participating Developers, a Transit Master Plan for public transit service to the Specific Plan area, which shall be approved by the County Board of Supervisors prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first. The Transit Master Plan shall utilize as a basis for determining service requirements the service levels described in Alternative No. 5 (Inter-Regional + High Suburban Local + Commuter), West Placer Transit Study dated October 3, 2005, prepared by LSC Transportation Consultants, Inc., for County. The Master Transit Plan shall include detail on routes, service times, fare programs (including a method to determine fair share costs for inter-community and inter-regional routes connecting the Specific Plan area to other areas within and outside Placer County), vehicle requirements, service triggers establishing the timing for expansion of service levels to reach ultimate service levels, staffing, requirements, administrative costs, capital requirements and other related information necessary to provide a complete transit service,

3.15 Landscape Master Plan. Developer shall prepare, or cause to be prepared with the other Participating Developers, a Landscape Master Plan for landscaping along and within roads in the Specific Plan area, which shall be approved by the County Board of Supervisors prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first. The Landscape Master Plan shall include details on design of streetscapes, entry features, landscaping materials and other image features that define the public landscape areas of the Specific Plan.

3.16 Other Public Facilities. Developer shall reserve for acquisition by the applicable public agency any lands located within the Property that are planned for school sites, cemetery, water tanks, electrical utility substations and other such facilities to be acquired by a public agency other than the County. The terms and conditions for the sale of such reserved sites to the applicable entities, including the payment of any reimbursements or provision of any credits for the value of such sites and any improvements by Developer or the Participating Developers thereto, shall be subject to separate agreements with the applicable entities.

3.17 School Sites and Fee Agreements. Prior to the issuance of any building permit (excluding permits for model homes or senior housing) within the Plan Area, Developer or the Development Group shall rough grade and cause streets, including all Frontage Improvements and stubs for utilities to be installed and operational to provide access to and service for at least two (2) elementary school sites (one within the Elverta Joint Elementary School District service boundaries and one within the Center Unified School District service boundaries) and one (1) middle school site within the Specific Plan. The location of these three school sites shall be consistent with the Specific Plan and subject to approval of Developer, County and the school districts within which the proposed school sites are located. Prior to installing such improvements, the applicable school districts shall confirm the acceptability of the site for proposed school use and shall use good faith efforts to enter into an agreement with the owner of each site to establish the terms and conditions for the purchase of the improved school site, which shall include amounts for the value of the sites and for the costs of the improvements thereto. Thereafter, as and when needed to serve development within the Specific Plan, additional school sites shall be reserved for acquisition in locations consistent with the Specific Plan and improved consistent with the foregoing improvement standards in accordance with the separate agreements to be entered into with the applicable school districts described below.

Developer will enter into separate written agreements with the elementary and high school districts that serve the Property (collectively, the **"Districts"**), prior to approval of any small-lot residential final subdivision map for recordation or issuance of any building permit (excluding permits for model homes), to mitigate the impacts of development of the Property on said Districts. Such agreements shall be subject to the mutual agreement of the Developer and District(s) which include the Property within its(their) jurisdiction; provided, however, it is Developer's position that non-residential uses and senior family housing should only be obligated to pay the amount of the authorized statutory fee that may be imposed against such uses. With the execution thereof, County agrees that so long as Developer is not in default of said agreements, County shall process and approve any subdivision maps or other such entitlements for the Property and issue any building permits for development thereof consistent with the Entitlements. Developer agrees that a default under any of these school agreements shall also constitute a default under this Agreement.

3.18 Community Facilities District – Project Infrastructure.

3.18.1 Formation. At the request and with the support of the Developer and/or the Participating Developers, County shall form one or more community facilities districts for the purpose of financing the acquisition of a portion or portions of the public infrastructure and facilities within the Specific Plan (an **"Infrastructure CFD"**). The infrastructure and facilities that may be constructed and/or acquired with Infrastructure CFD funds include, without limitation, roads, water, sewer, drainage, public utilities, County Facilities, parks, open space and other such public facilities of the County

located within the Plan Area and/or required to serve development of the Plan Area (**"CFD Improvements"**). Formation of an Infrastructure CFD shall be pursuant to and consistent with the requirements of this Agreement, applicable County policies and the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 et seq.).

3.18.1.1 Nothing in this Section 3.18 shall be construed to require Developer to form an Infrastructure CFD nor, if formed, to preclude the payment by an owner of any of the parcels within the Property to be included within the Infrastructure CFD of a cash amount equivalent to its proportionate share of costs for the CFD Improvements, or any portion thereof, prior to the issuance of bonds. Nothing in this Section shall be construed to require County to form an Infrastructure CFD if County determines, in its sole discretion, formation would not be consistent with applicable County policies or with prudent public fiscal practice. In determining whether to form an Infrastructure CFD, County shall first consider the need for and fiscal impact of the creation of a Services CFD and/or CSA as provided below, and then the need for and fiscal impact of this financing tool to provide funding for the CFD Improvements, including, in particular, the Core and Remaining Backbone Infrastructure and the County Facilities.

3.18.1.2 Concurrent with any formation of an Infrastructure CFD, the Development Group and County shall enter into a shortfall and acquisition agreement, in form and substance acceptable to County, whereby the Development Group shall covenant to finance the costs of the CFD Improvements then required to be installed pursuant to the terms of this Agreement and the Entitlements, to the extent that the bonds issued by the CFD do not provide sufficient funding for the completion of such improvements. To the extent permitted by and consistent with statute, including without limitation, Government Code Section 53313.51, the acquisition agreement may, if agreed to by County in its sole discretion, include provisions to permit payments for discrete portions of improvements during construction of any CFD Improvements that have been accepted by County and are capable of serviceable use and to permit payments for discrete portions or phases of the partially completed improvement, as the costs thereof are incurred by the Development Group and confirmed by County.

3.18.1.3 Nothing herein shall be construed to limit Developer's or the Development Group's option to install the CFD Improvements through the use of traditional assessment districts or private financing.

3.18.1.4 Developer acknowledges, for the benefit of all Participating Developers, that notwithstanding the inclusion of the Property in an Infrastructure CFD, unless Developer elects to include undeveloped portions of the Property into the Infrastructure CFD, only developed portions of the Property, defined as

those portions for which a Final Development Entitlement (as defined in Section 3.2 above) has been approved, shall be subject to the levy of special tax by an Infrastructure CFD. In other words, unless otherwise elected by Developer, undeveloped portions of the Property for which a Final Development Entitlement has not been approved shall be exempt from the levy of any Infrastructure CFD special taxes until a Final Development Entitlement is approved therefor.

3.18.2 Effect of CFD Financing on Credits and Reimbursements. Wherever the terms of this Agreement provide for (a) credits or (b) reimbursements to Developer for construction of certain improvements, and such improvements are financed by the Infrastructure CFD, at the request of Developer or the other Participating Developers or the Development Group, either (i) the Development Group shall receive credits against the applicable Development Mitigation Fee, New Development Mitigation Fee, Project Development Fee, or Project Implementation Fee, based on the amount of financing provided for the improvements by the Infrastructure CFD that would otherwise have been funded by such Fee up to, but not in excess of, the amount that will be funded by such Fees by the properties within the Infrastructure CFD or (ii) the amount of the Fee otherwise applicable to such improvements for the Property and other Participating Developers' properties within the Infrastructure CFD shall be adjusted as necessary to reflect the funding of such improvements by the Infrastructure CFD. Alternatively, Developer may request that Infrastructure CFD funds be used to acquire facilities not included for financing by any fee program. To preserve Developer's right to receive reimbursement for the share of any costs of improvements that benefit properties outside of the Infrastructure CFD, Developer may request that acquisition by CFD funds of any facilities included for financing by a fee program not exceed the amount of such fees that would otherwise be payable by Developers' Property within the Infrastructure CFD.

3.18.3 Effect of CFD Financing on Required Security. If and to the extent proceeds from CFD special taxes and/or bond sales are available to fund the acquisition and construction of the Core Backbone Infrastructure, Remaining Backbone Infrastructure or County Facilities, then upon request of the Participating Developers or the Development Group, the County shall consider reserving and sequestering the available CFD funds for the acquisition and construction of the foregoing improvements in the amount and for the improvements as designated by the Participating Developers or the Development Group in such request, and said funds may then be credited against Developer's obligation to post security acceptable to the County to assure completion of such designated improvements.

3.19 Completion of Improvements. County generally requires that all improvements necessary to service new development be completed prior to issuance of building permits (except model home permits as may be provided by the County's ordinances). However, the parties hereto acknowledge that, except for any improvements included with the Core Backbone Infrastructure or Remaining Backbone

Infrastructure, some of the CFD Improvements associated with the development of the Property may not need to be fully complete to adequately serve portions of the Property as such development occurs. The County may, in its sole discretion, approve the issuance of building permits prior to completion of all such CFD Improvements if the improvements necessary to provide adequate service to the portion of the Property being developed are complete to the satisfaction of the County.

3.20 Community Facilities District –Services

3.20.1 Formation. Prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first, a community facilities district shall be formed that includes the Property for the purposes of funding services described in Section 3.20.3 (**"Services CFD"**). Developer consents to and shall cooperate in such formation and the imposition of any special tax necessary to fund the services. Upon formation, Developer hereby consents to the levy of such special taxes as are necessary to fund the services obligations described in Section 3.20.3 in amounts consistent with Section 3.20.4 and hereby acknowledges that any such special tax is necessary to provide services in addition to those provided by County to the Property before the Specific Plan was approved.

3.20.2 Additional Service CFDs/Tax Zones. The County may require the formation of more than one Services CFD, and a Services CFD may be divided as necessary into zones, among which the amount of the special tax may vary.

3.20.3 Services. The Services CFD shall provide the funding required for new and/or enhanced services to be provided by County to the Property and within the Plan Area which would not have been necessary but for the approval of the Entitlements. The funds shall be utilized for some or all of the following purposes:

1) Sheriff services;
2) Fire protection and suppression services, including ambulance and paramedic services;
3) Recreation program services;
4) Library services;
5) Maintenance of parks, landscaping, and open space, including off-site open space and habitat mitigation lands;
6) Maintenance of storm drainage systems; and
7) Any other service provided by the County to the Property that may be allowed by law to be funded through a community facilities district

3.20.4 Special Tax Levy. Developer acknowledges that the Placer County General Plan requires that new development must pay the cost of providing

public services that are needed to serve new development, and that but for Developer's agreement to fund the necessary levels of service to the Project, County would not have approved the Entitlements. County has prepared and Developer has reviewed studies (**"Service Level Studies"**) which analyze the levels of service that County desires be provided to the Project and Developer concurs that the nature of the Project will create new demands on County services and require services and service levels that the County has not previously provided to residents of County. Developer further acknowledges that County has limited resources to fund such services from existing and future ad valorem property tax revenues and that additional funding as set forth in the Urban Services Plan will be required to maintain levels of service acceptable to County, although the exact amount of such additional funding is not certain at this time. Developer further acknowledges that it is County's objective that new services required by approval of the Specific Plan will not adversely impact the County's general fund obligations or fiscal revenues from existing and future ad valorem property taxes. In association with the formation of the Services CFD, Developer agrees to a special tax levy that is sufficient to provide funding for the levels of service as ultimately required by County based upon the Service Level Studies and the Urban Services Plan.

It is County's intention to maintain a comparable level of service for other specific areas proposed for development within the County. In the event the County subsequently elects not to maintain a comparable level of service in any new specific plan area approved by the County, the County shall review the levels of service being funded by the special tax levy and may, if it determines in its sole discretion that the public's interests are best served thereby, adjust the level of service for the Specific Plan to reduce the amount of special taxes authorized to be levied by the Services CFD by an appropriate amount to be consistent with any such reduced level of services in such other specific plan areas.

3.20.5 Public Parcel Exclusion. Developer expressly agrees that any lot or parcel conveyed or to be conveyed to the County or to a School District shall be excluded from any tax levy imposed by the Services CFD so long as such parcels remain in the County's or School District's ownership.

3.20.6 Undeveloped Property Exemption. County expressly agrees that, notwithstanding the inclusion of the Property in the Services CFD, in consideration that Developer is not obligated by this Agreement to develop the Property, only those portions of the Property for which a Final Development Entitlement or a small lot tentative subdivision map has been approved shall be subject to the levy of special tax by the Services CFD. With respect to portions of the Property for which a small lot tentative subdivision map has been approved but which has not then received a Final Development Entitlement, such tentatively mapped portions of the Property shall only be subject to the levy of the special tax for up to the amount of the special tax imposed for sheriff and fire/emergency services. Such tax on tentatively mapped property may be levied only if the County determines, in its sole discretion, that the special taxes

allocable to sheriff and fire/emergency services generated by properties with Final Development Entitlements are insufficient to fund the level of sheriff and fire/emergency services then required to serve the Specific Plan..

3.21 County Service Area - Services.

3.21.1 Formation. If required by the County, in addition or as an alternative to a Services CFD, prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first, Developer consents to and agrees to petition to the Placer County Local Agency Formation Commission for the formation of a county service area (**"CSA"**) to include the Property. Developer consents to the imposition of such assessments, fees and charges as may be necessary in order to provide the funds for services as described in Sections 3.20.3, above, to the extent such services are not funded or are under funded in a Services CFD, or to provide funds for services for which funding is not available through a Services CFD, including but not limited to the maintenance and repair of roads, trails, bikeways, sewers or other public infrastructure, or any other service that may be allowed by law to be funded through a county service area, in amounts consistent with Section 3.21.4, below. For the purposes of Article XIIID of the California Constitution, Developer acknowledges hereby that all the services described herein to be provided by the CSA will provide a "special benefit" to the Property as defined by said Article.

3.21.2 Additional CSAs/Zones of Benefit. The County may require the formation of more than one CSA, and a CSA may be divided as necessary into zones of benefit among which the amount of assessment, fee or charge may vary.

3.21.3 Waiver of Protest. Developer agrees, on behalf of itself and its successors in interest and subsequent homeowners' or similar associations, that Developer and its successors will participate in and will not protest the formation of a CSA or another similar such financing mechanism as may be required by the County to establish and collect funds through assessment or other means for the described services, and that they waive any and all rights to protest formation and continued assessment pursuant to the Majority Protest Act of 1931 (Streets and Highways Code §2800 et seq.) or any similar statute or constitutional provision whether currently existing or hereafter adopted, including but not limited to any provisions of California Constitution Article XIIIC; provided, however, such participation and waiver shall apply only as to the individual property owner's fair share of the services costs to be shared by all Developers within the Specific Plan.

3.21.4 Amount of Assessment, Charge or Fee. Developer acknowledges that the Placer County General Plan requires that new development must pay the cost of providing public services that are needed to serve new development, and that but for

Developer's agreement to fund the necessary levels of service to the Project, County would not have approved the Entitlements. County has prepared and Developer has reviewed Service Level Studies which analyze the levels of service that County desires be provided to the Project and Developer concurs that the nature of the Project will create new demands on County services and require services and service levels that the County has not previously provided to residents of County. Developer further acknowledges that County has limited resources to fund such services from existing and future ad valorem property tax revenues and that additional funding as set forth in the Services Plan will be required to maintain levels of service acceptable to County, although the exact amount of such additional funding is not certain at this time. Developer further acknowledges that it is County's objective that new services required by approval of the Specific Plan will not adversely impact the County's general fund obligations or fiscal revenues from existing and future ad valorem property taxes. In association with the formation of a CSA, Developer agrees to an assessment amount that is sufficient to provide funding for the levels of service as ultimately required by County based upon the Service Level Studies and Services Plan.

It is County's desire to maintain a comparable level of service for other specific areas proposed for development within the County. In the event the County subsequently elects not to maintain a comparable level of service in any new specific plan area approved by the County, the County shall review the levels of service being funded by the assessment and, if it determines in its sole discretion the public's interests are best served thereby, adjust the level of service for the Specific Plan to reduce the assessment amount authorized to be levied by the CSA by an appropriate amount to be consistent with any such reduced level of services in such other specific plan areas.

3.21.5 Public Parcel Exclusion. Developer expressly agrees that any lot or parcel conveyed or to be conveyed to the County or to a School District shall be excluded from any assessment imposed by the CSA so long as such parcels remain in the County's or School District's ownership, and acknowledges that such parcels do not and will not receive a special benefit from the CSA.

3.21.6 Undeveloped Property Exemption. County expressly agrees that, notwithstanding the inclusion of the Property in the CSA, in consideration that Developer is not obligated by this Agreement to develop the Property, only those portions of the Property for which a Final Development Entitlement or a small lot tentative subdivision map has been approved shall be subject to assessment by the Services CFD. With respect to portions of the Property for which a small lot tentative subdivision map has been approved but which has not then received a Final Development Entitlement, such tentatively mapped portions of the Property shall only be subject to an assessment of up to the amount of the special tax imposed for sheriff and fire/emergency services. Such assessment on tentatively mapped property may be levied only if the County determines, in its sole discretion, that the assessments

allocable to sheriff and fire/emergency services generated by properties with Final Development Entitlements are insufficient to fund the level of sheriff and fire/emergency services then required to serve the Specific Plan.

3.22 Encroachment Permits, Landscape Maintenance Easements. Developer and County agree to grant encroachment permit(s) or maintenance easements to the Developer or County, or their agents, employees, successors, assigns, agents and employees, for the purpose of entry into the landscape easement and setback areas or County property (including streets and rights-of-way) to perform the maintenance obligations described herein.

3.23 Advance Funding for County Administration. Developer acknowledges that in order for County to implement the Specific Plan and to assist Developer with its development of the Property, County will incur substantial costs for administration, staff, and consultants for such tasks as reviewing offers of dedication for roads and other County facilities, reviewing master plans, checking plans for the Core Backbone Infrastructure, establishing the PVSP and SW Placer Fee programs and the financing mechanisms required to fund the costs of providing services to the Property, administering compliance with this Agreement, and preparing for the submission of applications for Subsequent Entitlements, including large lot and small lot tentative maps. Developer acknowledges that County will begin to incur such costs immediately upon approval of this Agreement, which is well in advance of when any application would be submitted or any development fee would be collected which might include funding to cover any of such costs. Developer acknowledges that, but for Developer's agreement to fund such costs in advance, County would not and could not approve the development of the Property as provided by this Agreement.

No later than ten (10) days of the Effective Date (or such other date as County and Developer may agree) and each anniversary date thereafter until County costs of Specific Plan implementation activities have become self-supporting through the payment of application fees or the collection of PVSP Fees and other revenues, Developer, individually or with the other Participating Developers or through the Development Group, shall deposit with the County a sum identified by County, but not to exceed Seven Hundred Fifty Thousand Dollars ($750,000.00) at any one time, to provide advance funding for County to pay for County administration and staff for tasks required to be performed by County to facilitate development of the Property by Developer under this Agreement as generally described above. Developer shall also deposit such funds from time to time as may be necessary to pay for any consultants retained by the County that are needed to assist County with such tasks. County shall provide a regular accounting of the utilization of said funds and shall not utilize such funds when otherwise not necessary because of the receipt of sufficient fee revenues in association with an application by Developer, another Participating Developer or the Development Group for which a processing fee is otherwise required. In the event the initial or anniversary deposit is inadequate to pay for all of the costs incurred, Developer

shall, within thirty (30) days of written notice by County, deposit such additional amounts as County may reasonably require to fund County costs.

County acknowledges that, to the extent Developer, other Participating Developers, or the Development Group do not receive credit towards costs of processing, any such advances shall be eligible for inclusion within the PVSP Fee, which costs shall thereby be spread to all units within the Participating Developers' properties.

3.24 Disclosures to Subsequent Purchasers. This Agreement shall constitute notice to all successors to Developer hereunder, and to all subsequent purchasers of any lots, parcels and/or residential units within the Property, of all of the matters set forth herein. If Developer records any Property CC&Rs, such CC&Rs shall include disclosure of the existence of this Agreement and a summary of the material obligations contained herein.

3.25 Construction Waste. Developer shall require construction contractors and subcontractors to reduce construction waste by recycling a minimum of 50% of construction materials or require that all construction debris be delivered to the Placer County Western Regional Materials Recovery Facility where recyclable material will be removed. Developer shall require that contractors and subcontractors submit records annually of waste diversion and disposal to the County's Facilities Services Department, Solid Waste Division, in order to verify compliance with this requirement.

3.26 EIR Mitigation Measures. Notwithstanding any other provision in this Agreement to the contrary, as and when Developer elects to develop the Property, Developer shall be bound by, and shall perform, all mitigation measures contained in the Plan EIR related to such development which are adopted by County and are identified in the mitigation monitoring plan as being a responsibility of Developer.

3.27 Waiver. In consideration of the benefits received pursuant to this Agreement, Developer, on behalf of itself and its respective heirs, successors in interests and assigns, waives any and all causes of action which it might have under the ordinances of the County of Placer or the laws of the State of California or the United States with regard to any otherwise uncompensated or under-compensated conveyance or dedication of land or easements over the Property or improvements that are specifically provided for in this Agreement, that are required in conjunction with changes to this Agreement or the Specific Plan that are requested by Developer, or that are logically implied by this Agreement.

ARTICLE 4. COUNTY OBLIGATIONS

4.1 County Cooperation. County agrees to work in good faith with Developer as it applies to County for permits that may be required by County and, to the extent

applicable, other public, state and federal agencies. In the event State or Federal laws or regulations enacted after this Agreement has been executed or action of any governmental jurisdiction other than the County prevents or precludes compliance with one or more provisions of this Agreement, or requires material modification of the Entitlements or a Subsequent Entitlement approved by County, Developer shall notify County in writing of the anticipated duration of any delay caused thereby, and, provided any such delay is not the fault of Developer or the other Participating Developers, the parties agree that the provisions of this Agreement shall be extended as may be reasonably necessary to comply with such new State and Federal laws or regulations or the regulations of the other governmental jurisdictions.

4.2 Credits and Reimbursements. Developer will, pursuant to this Agreement, dedicate certain lands and construct certain improvements, including but not limited to community and neighborhood parks, County Facilities, and other public facilities which might otherwise be paid for by the County or other parties, and which may serve other properties or which could be financed by Development Mitigation Fees, New Development Mitigation Fees, or Project Implementation Fees. Developer agrees that its rights to credits and reimbursements for any obligations set forth in this Agreement to dedicate land and construct improvements are defined in this Section 4.2. Developer agrees and acknowledges that nothing herein shall be construed to constitute any guarantee that Developer will receive full reimbursement for its costs incurred to dedicate land and/or construct improvements as required by this Agreement, County and Developer agree that, in consideration of the dedication of such lands and construction of such improvements by Developer, and upon County's acceptance of such improvements, Developer shall be entitled to credits and reimbursement only as follows:

4.2.1 Credits Generally. To the extent Developer advances the cost, either in cash or through its participation with other Participating Developers or the Development Group or in the Infrastructure CFD, for the siting and construction of infrastructure that is included within existing, or will be included in future, Development Mitigation Fees, New Development Mitigation Fees, or Project Implementation Fees, County shall grant to the Development Group a credit for the amount of such costs advanced or deemed advanced to be applied against the applicable fee obligations for the Project. With respect to the credits granted to the Development Group, the Development Group shall have the right to allocate such credits between the Participating Developers, which allocations shall be provided in writing to the County on a regular basis and may be revised and/or reallocated between Participating Developers by the Development Group from time to time.

In particular, and without limitation thereof, Developer acknowledges that any credits associated with Developer's construction of park improvements or other public improvements or facilities within the Property shall be allocated to the Development Group, and not to Developer, and Developer's sole recourse for obtaining

any such credits shall be with the Development Group and not County. County acknowledges that any such Improvements financed by the Infrastructure CFD may generate fee credits against a Development Mitigation Fee, New Development Mitigation Fee, PVSP Fee or SW Placer Fee to finance the costs of such Improvements.

Developer acknowledges that, to the extent a Development Mitigation Fee, New Development Mitigation Fee, or Project Implementation Fee includes categories for different improvements, the credits for construction or financing of an Improvement shall apply only with respect to the corresponding category of such Fee and not against any other portion of such Fee.

Credits shall become available to the Development Group as and when the applicable improvements or discrete portions or phases thereof are completed and accepted by the County or improvement bonds assuring the completion of such improvements acceptable to the County have been posted with and to the County. Developer hereby acknowledges and assumes the risk that the granting of any credits based on the posting of improvement bonds prior to completion and acceptance of an improvement by the County may result in a loss of fee revenues that would otherwise be available to reimburse Developer for these costs and hereby waives and releases County from any loss, responsibility or liability with respect to the granting of such credits.

4.2.2 Credits for Duplicative Fees. If and to the extent any existing Development Mitigation Fees or New Development Mitigation Fees include amounts to finance construction of facilities that are also included within the PVSP Fee, the SW Placer Fee, the Regional Traffic Fee or the 99/70--Riego Interchange Fee, the County will provide appropriate credit against and reduce the amount of the applicable Development Mitigation Fee or New Development Mitigation Fee to account for the amount to be funded already by Developer for the same facility.

4.2.3 Reimbursements Generally. Developer and other Participating Developers shall join together in the form of an association, consolidated entity or other such arrangement (the **"Development Group"**) to finance and construct or cause the construction of the Improvements, which may be funded in whole or in part by an Infrastructure CFD, or by the PVSP Fee, the SW Placer Fee, a Development Mitigation Fee, or a New Development Mitigation Fee (collective, the **"Fee Program"**). Developer agrees that, with respect to Improvements constructed by the Development Group, notwithstanding anything to the contrary herein suggesting payment of reimbursements to Developer, any and all reimbursements to be paid by the Infrastructure CFD or a Fee Program for such Improvements shall be paid by the County from such source of financing in a single payment to the Development Group. Similarly, any reimbursements payable by the County from payments received by third parties pursuant to Section 4.2.4 below shall be payable to the Development Group, whether or not the Development Group participated in the funding of the improvements generating

such reimbursement. Developer's right to receive any portion of such reimbursements shall be between Developer and the Development Group and County shall have no liability to Developer with respect to the amount or such reimbursement, if any, that may be allocated and paid to Developer from the Development Group. County's obligation to Developer to pay any reimbursement from the Infrastructure CFD, Fee Program or from third party payments shall be fully satisfied by its payment of any such reimbursement to the Development Group, and Developer hereby knowingly and expressly waives any present and/or future claims it may have against County relating to any such payments made by County to the Development Group.

It shall be the responsibility of the Developer to provide County with a current address for the Development Group at all times. All payments required by this Agreement shall be made to the Development Group by sending the payment to the address provided to County in writing. The Development Group may change the address stated herein by giving notice in writing to County and, thereafter all payments shall be sent to the new address.

4.2.4 Reimbursement by Third Parties. The Development Group shall be entitled to receive reimbursement from third persons within the Specific Plan who are not Participating Developers (hereafter, each a **"Non-Participating Property Owner"**) and from any other benefited property owner(s) whose properties are located outside of the Specific Plan, for the pro rata share of planning costs, land dedications, and improvements and facilities constructed by Developer or the Development Group which benefit such benefited property; provided, however, development of property within the Specific Planning Area of the Specific Plan, up to the 411 residential units contemplated by the Specific Plan therefor, shall not be obligated to pay any reimbursement to Developer or the Development Group hereunder. The Developer and/or other Participating Developers will also be entitled to receive reimbursement with respect to any Permanent Drainage Facilities installed by Developer and/or other Participating Developers that benefit property owned by a Non-Participating Property Owner or other property owner.

With respect to planning costs, as a condition for accepting a rezoning application from any Non-Participating Property Owner for any portion of the Specific Plan owned thereby, County shall charge the Non-Participating Property Owner for its fair share of the costs incurred by the Development Group, and their predecessors in interest, to prepare and process the Specific Plan, including the costs of all engineering, legal and environmental consultants related thereto (collectively, the **"Planning Costs"**). The total amount of such Planning Costs shall be determined by the County.

With respect to land dedications, consistent with Section 2.5.5.5 above, County shall use good faith efforts to require payment from the Non-Participating Property Owners for their fair share of the land dedications, as set forth in Exhibit 2.5.5.5-B attached hereto.

In the case of Core Backbone Infrastructure, Remaining Backbone Infrastructure, drainage improvements, County Facilities, park facilities and any other public improvements or facilities installed by Developer or the Development Group pursuant to this Development Agreement, the Development Group shall be entitled to receive reimbursement from each Non-Participating Property Owner with property in the Specific Plan and from any other benefiting property owner for its fair share of the cost of such improvements and facilities installed by the Development Group, based on the fair share benefit of such improvements and facilities to such property. With respect to reimbursements from Non-Participating Property Owners within the Specific Plan for improvements or facilities that are funded by the PVSP Fee or the SW Placer Fee, the Development Group shall assign to the Non-Participating Property Owner an equivalent amount of credits against such Fees upon receipt of such reimbursement.

In the case of Frontage Improvements which abut property or traverse through property owned by Non-Participating Property Owners, Developer shall be entitled to receive a reimbursement from each Non-Participating Property Owner with property in the Specific Plan based on the cost of the Frontage Improvements adjacent to such property. Reimbursement for Frontage Improvements may be provided directly from the Non-Participating Property Owner abutting such improvements and reimbursements for other public improvements may be provided from a community facilities district or any such other infrastructure financing district if such a district is formed by or includes such properties and includes monies for the construction of said improvements.

County shall use its best efforts, to the extent County has the authority to do so at the earliest opportunity in the approval process, to impose the foregoing obligation to pay said reimbursement, as a condition of development of such benefited property, at the time such property owner requests a discretionary approval or other such entitlement from County for development of the benefited property whereby such condition can be imposed. County shall have no obligation to make any payments to Developer unless and until it receives any such reimbursement amount from a third-party source. Developer acknowledges that, upon receipt of any such reimbursement for improvements financed by Development Mitigation Fees, new Development Mitigation Fees, or Project Implementation Fees, the amount of such reimbursement shall not exceed the amount of credits then held by Developer with respect to such improvement and Developer shall relinquish and the reimbursing owner shall receive an equivalent amount of fee credits allocable to the improvements for which such reimbursement was paid.

4.2.5 Reimbursable Hard Costs. The "hard costs" of construction to be credited to Developer by the County, to be reimbursed to Developer by a third party, or to be paid by Developer to any third party in accordance with the terms of this Agreement shall consist of the identifiable and commercially reasonable costs of the

design, engineering, construction, construction management, environmental mitigation requirements and plan check and inspection fees as actually incurred by Developer or such third party provided to and reviewed by County for the reimbursable or credited work.

4.2.6 Increased Amount of Reimbursements. In each case in which this Agreement provides that Developer is entitled to receive reimbursement for improvements from third parties other than the County and said reimbursement is from sources other than through payments of the PVSP Fee or SW Placer Fee, Developer shall be entitled to receive, or be obligated to pay, the reimbursement amount, adjusted according to the Construction Cost Index in the Engineering News Record from the date that Developer incurred the reimbursable cost to the date of reimbursement.

4.2.7 Term for Credits and Reimbursements. County's obligation to provide any credits or to pay or assist in obtaining any reimbursements to Developer that accrues hereunder shall terminate upon the later of (i) twenty (20) years from the Effective Date or (ii) ten (10) years from the date of completion and acceptance of the improvement generating such reimbursement. County's obligation to impose any such condition and collect such reimbursement shall terminate upon any termination of this Agreement.

4.2.8 Not a Limitation. Nothing in the foregoing Section 4.2 shall be construed to limit Developer from receiving, in consideration of the improvements to be constructed by Developer hereunder, any other credits or reimbursements from County otherwise provided under then existing County policy, rule, regulation or ordinance.

4.3 Applications for Permits and Entitlements.

4.3.1 Action by County. County agrees that it will accept, in good faith, for processing review and action, all applications for development permits or other entitlements for use of the Property in accordance with the Entitlements and this Agreement, and shall exercise its best efforts to act upon such applications in an expeditious manner. Accordingly, to the extent that the applications and submittals are in conformity with the Entitlements, Applicable Law and this Agreement and adequate funding by Developer exists therefor, County agrees to diligently and promptly accept, review and take action on all subsequent applications and submittals made to County by Developer in furtherance of the Project. Similarly, County shall promptly and diligently review and approve improvement plans, conduct construction inspections and accept completed facilities. In the event County does not have adequate personnel resources or otherwise cannot meet its obligations under this Section 4.3, and Developer enters into an agreement with County to pay all costs of County in conjunction therewith, County will utilize, consistent with County policy, outside consultants for inspection and plan review purposes at the sole expense of Developer. Developer acknowledges that, notwithstanding the ability to hire such outside

consultants, County may need to retain adequate staff to supervise the work of the consultants, which may require additional lead time and expense in order for the County to effectively and efficiently use the consultants to assist in this work. County will consult with Developer concerning the selection of the most knowledgeable, efficient and available consultants for purposes of providing inspection and plan review duties for the County and the Project.

4.3.2 Review and Approval of Improvement Plans, Final Subdivision Maps and Inspections. Developer and County agree that the timely review and approval of Master Plans required hereunder, improvement plans, tentative and final subdivision maps, design review, and building permits, and inspection of constructed facilities and residential and non-residential dwellings is important to Developer in achieving the success of the Project. To assure these services will be provided to the Project on a timely basis, if Developer so requests, County shall enter into a separate agreement in a form acceptable to County that will establish the time periods for timely review, approval and inspections by County and the commitment of the Participating Developers to pay all costs incurred by County to provide such timely review, approval and inspections. Unless such an agreement is entered into, nothing in this Agreement shall be construed to otherwise require County to hire or retain personnel for the purposes of evaluating, processing or reviewing applications for permits, maps or other entitlements or for the design, engineering or construction of public facilities in excess of those for which provision is made in the normal and customary budgeting process or fee schedules of County.

4.3.3 Maps and Permits. Provided that the necessary Services CFD and/or CSA has been or will at the time of the requested final approval be formed and authorized to levy the special taxes against the applicable portion of the Property in accordance with Sections 3.20 and 3.21 hereof, and provided that Developer is in good standing with the Development Group and in full compliance with the conditions of approval of any Subsequent Entitlement and the terms of this Agreement, County shall not refrain from approving final residential lot subdivision maps nor shall it cease to issue building permits, certificates of occupancy or final inspections for development of the Property that is consistent with the Entitlements and applicable County ordinances and provisions of the Subdivision Map Act. Prior to such formation, County shall accept, for review, processing and approval, consistent with the Entitlements, applications for tentative residential lot and non-residential subdivision and parcel maps and for tentative and final large lot subdivision or parcel maps consistent with the parcels described by the Specific Plan for the Property.

A subdivision, as defined in Government Code Section 66473.7, shall not be approved unless any tentative map prepared for the subdivision complies with the provisions of said Section 66473.7; this provision is included in this Agreement to comply with Section 65867.5 of the Government Code. Pursuant to the provisions of Government Code Section 66452.6(a), the term of any tentative subdivision map

approved by the County for the Property is hereby extended to be co-terminus with the Term of this Agreement.

4.4 Implementation Policies and Procedures Manual. To assist County in implementing and performing its various administrative tasks as contemplated by this Agreement, Developer shall prepare, or cause to be prepared with other Participating Developers, in association with County Chief Executive Officer, an Implementation Policies and Procedures Manual, which shall be approved by the County Board of Supervisors prior to either the approval for recordation of the first large lot final subdivision map within any portion of the Specific Plan or the approval of a small lot tentative map for the entirety of any Participating Developer's property within the Specific Plan, whichever may occur first. Such manual shall provide for a comprehensive approach for processing approvals and issuing permits for development within the Plan Area, including without limitation, developing forms and checklists to assist County staff in tracking and accounting for credits and reimbursements, processing approvals consistent with the procedures set forth in this Agreement and the Specific Plan, and obtaining Development Group Certificates and any required PVSP Shortfall Payments as and when required hereunder.

4.5 Waiver of Protest Rights. In conjunction with any proceedings creating an assessment district or other applicable financing mechanism for which provision is made in this Agreement, Developer waives herewith any right to protest that it may have.

4.6 Essence of Agreement. Articles 2, 3, 4, 5 and 6 are the essence of this Agreement.

ARTICLE 5. DEFAULT, REMEDIES, TERMINATION

5.1 General Provisions. Subject to extensions of time by mutual consent in writing, failure or unreasonable delay by either party to perform any term or provisions of this Agreement shall constitute a default. In the event of alleged default or breach of any term or condition of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) days notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured. During any such thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

After notice and expiration of the thirty-day period, the other party to this Agreement at its option may institute legal proceedings pursuant to this Agreement or give notice of intent to terminate this Agreement pursuant to California Government Code Section 65868 and regulations of County implementing said Government Code Section. Following notice of intent to terminate, the matter shall be scheduled for consideration and review by the Board of Supervisors within thirty (30) calendar days in

the manner set forth in Government Code Sections 65865, 65867 and 65868 and County regulations implementing such Sections.

Following consideration of the evidence presented in said review before the Board of Supervisors, either party alleging the default by the other party may give written notice of termination of this Agreement to the other party.

Evidence of default may also arise in the course of a regularly scheduled periodic review of this Agreement pursuant to Government Code Section 65865.1. If either party determines that the other party is in default following the completion of the normally scheduled periodic review, said party may give written notice of default of this Agreement as set forth in this Section, specifying in said notice the alleged nature of the default, and potential actions to cure said default and shall specify a reasonable period of time in which such default is to be cured. If the alleged default is not cured within thirty (30) days or within such longer period specified in the notice, or if the defaulting party waives its right to cure such alleged default, the other party may terminate this Agreement.

5.2 Annual Review. County shall, at least every twelve (12) months during the Term of this Agreement, review the extent of good faith substantial compliance by Developer with the terms of this Agreement. Such periodic review shall be limited in scope to compliance with the terms of this Agreement pursuant to Section 65865.1 of the Government Code and the monitoring of mitigation in accordance with Section 21081.6 of the Public Resources Code of the State of California. Notice of such annual review shall include the statement that any review of obligations of Developer as set forth in this Agreement may result in termination of this Agreement. A finding by County of good faith compliance by Developer with the terms of this Agreement shall be conclusive with respect to the performance of Developer during the period preceding the review. Developer shall be responsible for the cost reasonably and directly incurred by the County to conduct such annual review, the payment of which shall be due within thirty (30) days after conclusion of the review and receipt from the County of the bill for such costs.

Upon not less than thirty (30) days written notice by the County, Developer shall provide such information as may be reasonably requested and deemed to be required by the Planning director in order to ascertain compliance with this Agreement.

In the same manner prescribed in Article 10, the County shall deposit in the mail to Developer a copy of all staff reports and related exhibits concerning contract performance and, to the extent practical, at least ten (10) calendar days prior to any such periodic review. Developer shall be permitted an opportunity to be heard orally or in writing regarding its performance under this Agreement before the Board of Supervisors, or if the matter is referred to the Planning Commission, before the Planning Commission.

If County takes no action within thirty (30) days following the hearing required under this Section 5.2, Developer shall be deemed to have complied in good faith with the provisions of this Agreement.

5.3 Remedies Upon Default by Developer. No Subsequent Entitlements or building permits shall be approved or issued or applications for Subsequent Entitlements or building permits accepted for any improvement to or structure on the Property if the applicant owns and controls any property subject to this Agreement, and if such applicant or entity or person controlling such applicant is in default of the terms of this Agreement.

5.4 Permitted Delay, Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or default are due to war, insurrection, strikes, walkouts, riots, floods, drought, earthquakes, fires, casualties, acts of God, governmental restrictions imposed or mandated by other governmental entities, enactment of conflicting state of federal laws or regulations, new or supplementary environmental regulation, litigation, or similar bases for excused performance (**"Permitted Delay"**). If written notice of such delay is given to County within thirty (30) days of the commencement of such delay, an extension of time for such cause shall be granted in writing for the period of the Permitted Delay, or longer as may be mutually agreed upon.

5.5 Legal Action; No Obligation to Develop; Specific Enforcement. In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation; provided, however, that the Developer, its successors and assigns hereby waive any and all claims for monetary damages against County arising out of this Agreement at any time, except for monetary claims for any refunds of any credits or payments of any reimbursements otherwise payable to Developer hereunder. All legal actions shall be initiated in either the Superior Court of the County of Placer or County of Sacramento, State of California, or in the Federal District Court in the Eastern District of California.

By entering this Agreement, Developer shall not be obligated to develop the Property, and, unless Developer seeks to develop the Property, Developer shall not be obligated to install or pay for the costs to install any Core Backbone Infrastructure, Remaining Backbone Infrastructure or County Facilities, or to otherwise perform any obligation under this Agreement, except for the obligation to provide the dedications and construction easements described in Section 3.3 above.

With respect to any dedications required pursuant to Section 3.3 or any condition of any other Entitlement, in addition to any other rights or remedies hereunder and

whether or not Developer seeks to proceed with development of the Property, in the event of any failure by Developer to dedicate any portion of the Property or grant temporary construction easements with respect thereto as and when provided by this Agreement, County may seek specific performance to compel the Developer to timely provide to the County the required dedications and temporary construction licenses in the form and condition required hereunder.

5.6 Effect of Termination. If this Agreement is terminated following any event of default of Developer or for any other reason, such termination shall not affect the validity of any building or improvement within the Property which is completed as of the date of termination, provided that such building or improvement has been constructed pursuant to a building permit issued by the County. Furthermore, no termination of this Agreement shall prevent Developer from completing and occupying any building or other improvement authorized pursuant to a valid building permit previously issued by the County that is under construction at the time of termination, provided that any such building or improvement is completed in accordance with said building permit in effect at the time of such termination.

5.7 Applicable Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Should any legal action be brought by either party for breach of this Agreement, or to enforce any provisions herein, the prevailing party to such action shall be entitled to reasonable attorneys' fees, court costs and such other costs as may be fixed by the Court.

ARTICLE 6. HOLD HARMLESS AND COOPERATION

6.1 Hold Harmless. Developer and its successors-in-interest and assigns, hereby agrees to, and shall defend and hold County, its elective and appointive boards, commissions, officers, agents, and employees harmless from any costs, expenses, damages, liability for damages or claims of damage for personal injury, or bodily injury including death, as well as from claims for property damage which may arise from the operations of Developer, or of Developer's contractors, subcontractors, agents, or employees under this Agreement, whether such operations be by Developer, or by any of Developer's contractors or subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for, Developer or Developer's contractors or subcontractors, unless such damage or claim arises from the negligence or willful misconduct of County. The foregoing indemnity obligation of Developer shall not apply to any liability for damage or claims for damage with respect to any damage to or use of any public improvements after the completion and acceptance thereof by County.

In addition to the foregoing indemnity obligation, Developer agrees to and shall defend, indemnify and hold County, its elective and appointive boards, commissions, officers, agents and employees harmless from any and all lawsuits, claims, challenges, damages, expenses, costs, including attorneys fees that may be awarded by a court, or

in any actions at law or in equity arising out of or related to the processing, approval, execution, adoption or implementation of the Project, the Entitlements, this Agreement, or the environmental documentation and process associated with the same, exclusive of any such actions brought by Developer, its successors-in-interests or assigns. The County shall retain the right to appear in and defend any such action or lawsuit on its own behalf regardless of any tender under this provision. Upon request of County, Developer shall execute an indemnification agreement in a form approved by County Counsel.

6.2 Cooperation in the Event of Legal Challenge. In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the parties hereby agree to cooperate in defending said action.

ARTICLE 7. GENERAL

7.1 Enforceability. The County agrees that unless this Agreement is amended or canceled pursuant to the provisions of this Agreement and the Adopting Ordinance, this Agreement shall be enforceable according to its terms by any party hereto notwithstanding any change hereafter in any applicable general plan, specific plan, zoning ordinance, subdivision ordinance or building regulation adopted by County, or by initiative, which changes, alters or amends the rules, regulations and policies applicable to the development of the Property at the time of approval of this Agreement, as provided by Government Code Section 65866.

7.2 County Finding. The County hereby finds and determines that execution of this Agreement is in the best interest of the public health, safety and general welfare and is consistent with the General Plan.

7.3 Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of Developer, Participating Developers and County and their successors and assigns. No other person shall have any right of action based upon any provision in this Agreement.

7.4 Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the subject project is a private development. No partnership, joint venture or other association of any kind is formed by this Agreement.

7.5 Notices. All notices required by this Agreement, the enabling legislation, or the procedure adopted pursuant to Government Code Section 65865, shall be in writing and delivered in person or sent by certified mail, postage prepaid.

Notice required to be given to the County shall be addressed as follows:

Planning Director
County of Placer
3091 County Center Drive
Auburn, CA 95603

With a copy to:

County Executive Officer
County of Placer
175 Fulweiler Ave.
Auburn, CA 95603

Notice required to be given to the Developer shall be addressed as set forth for Developer in the Exhibit "B" list of Participating Developers, with a copy thereof to the Development Group at the notice address for the Development Group provided to the County by Developer pursuant to Section 4.2.3 above.

Any of the parties may change the address stated herein by giving notice in writing to the other parties, and, thereafter, notices shall be addressed and delivered to the new address.

7.6 Severability. Except as set forth herein, if any term, covenant or condition of this Agreement or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to persons, entities or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law; provided, however, if any provision of this Agreement is determined to be invalid or unenforceable and the effect thereof is to deprive a party hereto of an essential benefit of its bargain hereunder, then such party so deprived shall have the option to terminate this entire Agreement from and after such determination.

7.7 Construction. This Agreement shall be subject to and construed in accordance and harmony with the Placer County Code, as it may be amended, provided that such amendments do not impair the rights granted to the parties by this Agreement.

7.8 Other Necessary Acts. Each party shall execute and deliver to the other all such other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

7.9 Estoppel Certificate. Either party may, at any time, and from time to time, deliver written notice to the other party requesting such party to certify in writing that, to the knowledge of the certifying party, (i) this Agreement is in full force and effect and a binding obligation of the parties, (ii) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, and (iii) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature of such default. The party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof. County acknowledges that a certificate hereunder may be relied upon by transferees and mortgagees of Developer.

7.10 Mortgagee Protection. The parties hereto agree that this Agreement shall not prevent or limit Developer, in any manner, at Developer's sole discretion, from encumbering the Property or any portion thereof or any improvement thereon by any mortgage, deed of trust or other security device securing financing with respect to the Property, except as limited by the provisions of this Section. County acknowledges that the lenders providing such financing may require certain Agreement interpretations and modifications and agrees upon request, from time to time, to meet with Developer and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. County will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement. Any lender or other such entity (a **"Mortgagee"**) that obtains a mortgage or deed of trust against the Property shall be entitled to the following rights and privileges:

(a) Neither entering into this Agreement nor a breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Property made in good faith and for value, unless otherwise required by law.

(b) The Mortgagee of any mortgage or deed of trust encumbering the Property, or any part thereof, which Mortgagee has submitted a request in writing to County in the manner specified herein for giving notices, may request to receive written notification from County of any default by Developer in the performance of Developer's obligations under this Agreement.

(c) If County receives a timely request from a Mortgagee requesting a copy of any notice of default given to Developer under the terms of this Agreement, County shall provide a copy of that notice to the Mortgagee within ten (10) days of sending the notice of default to Developer. The Mortgagee shall have the right, but not the obligation, to cure the default during the remaining cure period allowed to Developer under this Agreement.

(d) Any Mortgagee who comes into possession of the Property, or any part thereof, by any means, whether pursuant to foreclosure of the mortgage deed of trust, or deed in lieu of such foreclosure or otherwise, shall take the Property, or part thereof, subject to the terms of this Agreement. Provided, however, notwithstanding anything to the contrary above, any Mortgagee, or the successors or assigns of such Mortgagee, who becomes an owner of the Property through foreclosure shall not be obligated to pay any fees or construct or complete the construction of any improvements, unless such owner desires to continue development of the Property consistent with this Agreement and the Land Use Entitlements, in which case the owner by foreclosure shall assume the obligations of Developer hereunder in a form acceptable to the County.

(e) The foregoing limitation on Mortgagees and owners by foreclosure shall not restrict County's ability pursuant to Section 5.5 of this Agreement to specifically enforce against such Mortgagees or owners any dedication requirements under this Agreement or under any conditions of any other Entitlements.

7.11 Assignment. From and after recordation of this Agreement against the Property, Developer shall have the full right to assign this Agreement as to the Property, or any portion thereof, in connection with any sale, transfer or conveyance thereof, and upon the express written assignment by Developer and assumption by the assignee of such assignment in the form attached hereto as Exhibit 7.11, and the conveyance of Developer's interest in the Property related thereto, Developer shall be released from any further liability or obligation hereunder related to the portion of the Property so conveyed and the assignee shall be deemed to be the "Developer", with all rights and obligations related thereto, with respect to such conveyed property.

7.12 Entire Agreement. This Agreement is executed in two duplicate originals, each of which is deemed to be an original. This Agreement, inclusive of its Recitals and Exhibits, constitutes the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the County of Placer, a political subdivision of the State of California, has authorized the execution of this Agreement in duplicate by Tom Miller, its County Executive Officer, and attested to by the Board Clerk under the authority of Ordinance No. _____, adopted by the Board of Supervisors on the ____ day of _____, 2007.

COUNTY OF PLACER,
a political subdivision

By: _____
_____
Chair, Board of Supervisors

ATTEST:

By: _____
Ann Holman
Board Clerk

APPROVED AS TO FORM:

By:_____
_____
County Counsel

APPROVED AS TO SUBSTANCE:

By:_____
Michael Johnson
Planning Director

[DEVELOPER SIGNATURE(S) ON FOLLOWING PAGE(S)]

DEVELOPER SIGNATURE PAGE:

PROPERTY ID: ___

DEVELOPER:

[INSERT NAME(S) OF VESTED OWNER(S) OF PROPERTY]:

By:_____
Name:_____
Title:_____

[IF PROPERTY IS UNDER OPTION, INCLUDE FOLLOWING ADDITIONAL SIGNATURE BLOCK FOR OPTION HOLDERS:]

THE UNDERSIGNED HEREBY REPRESENTS THAT IT HOLDS AN OPTION OR OTHER EQUITABLE INTEREST TO ACQUIRE THE PROPERTY. THE UNDERSIGNED HEREBY CONSENTS TO THE EXECUTION OF THIS AGREEMENT BY THE OWNER(S) LISTED ABOVE COMPRISING DEVELOPER AND ACKNOWLEDGES AND AGREES THAT, IF AND WHEN THE UNDERSIGNED ACQUIRES THE PROPERTY, THE UNDERSIGNED WILL BE BOUND BY THE TERMS AND CONDITIONS OF THIS AGREEMENT:

[INSERT NAME OF OPTION HOLDER]:

By:_____
Name:_____
Title:_____